

**Comprehensive
Annual Financial Report
of the**

CITY OF DENHAM SPRINGS

Denham Springs, Louisiana

**For the Fiscal Year Ended
June 30, 2005**

**Prepared by the
City of Denham Springs
Accounting Department**

**CITY OF DENHAM SPRINGS
DENHAM SPRINGS, LOUISIANA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<u>INTRODUCTORY SECTION</u>		
Table of Contents		i
Letter of Transmittal		iv
Principal Elected Officials		ix
Organizational Chart		x
Certificate of Achievement for Excellence in Financial Reporting		xi
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1 - 3
Management's Discussion and Analysis		3 - 17
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Assets	Exhibit A-1	19
Statement of Activities	Exhibit A-2	20 - 21
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	Exhibit B-1	22
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	Exhibit B-2	23
Statement of Revenues, Expenditures, and Changes in Fund Balances	Exhibit B-3	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Exhibit B-4	25
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	Exhibit B-5	26 - 37
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Capital Projects Fund	Exhibit B-6	38

**CITY OF DENHAM SPRINGS
DENHAM SPRINGS, LOUISIANA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

TABLE OF CONTENTS (CONTINUED)

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
 <u>FINANCIAL SECTION (CONTINUED)</u>		
Proprietary Funds:		
Statement of Net Assets	Exhibit C-1	39 - 40
Statement of Revenues, Expenses, and Changes in Net Assets	Exhibit C-2	41
Statement of Cash Flows	Exhibit C-3	42 - 43
Notes to Financial Statements		44 - 80
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	Exhibit D-1	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	Exhibit D-2	83
Capital Assets Used in the Operation of Governmental Funds:		
Capital Assets Used in the Operation of Governmental Funds Schedule by Source	Exhibit E-1	84
Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity	Exhibit E-2	85 - 86
Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity	Exhibit E-3	87
Schedule (Supplementary Information):		
Schedule of Insurance Coverage in Force	Schedule F	89 - 92

**CITY OF DENHAM SPRINGS
DENHAM SPRINGS, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2003**

TABLE OF CONTENTS (CONTINUED)

	<u>EXHIBIT/ SCHEDULE/ TABLE</u>	<u>PAGE NUMBER</u>
<u>STATISTICAL SECTION (UNAUDITED)</u>		
General Fund Expenditures and Other Uses by Function	Schedule 2	94 - 95
General Fund Revenues and Other Financing Sources	Schedule 3	96 - 97
General Fund Tax Revenues by Source	Schedule 3A	96 - 97
Property Tax Levies and Collections	Schedule 4	98
Assessed and Estimated Actual Value of Taxable Property	Schedule 5	99
Property Tax Rates and Tax Levies - Direct and Overlapping Governments	Schedule 6	100 - 101
Special Assessment Collections	Schedule 7	102
Statement of Legal Debt Limit	Schedule 8	103 - 104
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	Schedule 9	105 - 106
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures	Schedule 10	107
Computation of Direct and Overlapping Debt	Schedule 11	108
Summary of Revenue Bond Coverage	Schedule 12	109 - 110
Demographics Statistics	Schedule 13	111
Construction	Schedule 14	112
Principal Sales Taxpayers	Schedule 15	113
Miscellaneous Statistics	Schedule 16	114



MAYOR
JIMMIE E. DELANEY

COUNCIL
BRYANT A. CARRAS
JAMES S. CURRIE
ARTHUR L. PERLAKE, SR.
L. LAMON RICE, JR.
STEFANO RIVEST

CITY CLERK
LEONIE BARNETT

CITY TREASURER
CLARENCE SPRING, JR.

September 18, 2003

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Denham Springs:

State law requires that all general purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Denham Springs for the fiscal year ended June 30, 2003.

This report consists of management's representations concerning the finances of the City of Denham Springs. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Denham Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Denham Springs' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Denham Springs' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Harris T. Desjardais, U.P., a firm of licensed certified public accountants has audited the City of Denham Springs' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Denham Springs for the fiscal year ended June 30, 2003, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Denham Springs' financial statements for the fiscal year ended June 30, 2003, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

During the current fiscal year, the City was not required to undergo a single audit in conformance with the provisions of the revised Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to the auditor's report on Compliance and on Internal Control over Financial Reporting, is included in a separately issued report and is available upon request.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Denham Springs' MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Denham Springs, incorporated in 1903, is located on the western side of Livingston Parish and is adjacent to East Baton Rouge Parish, which contains the capital city of Baton Rouge and is a major industrial area. The City of Denham Springs currently occupies a land area of 6.12 square miles and serves a population of 8,577. The City of Denham Springs is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to amend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Denham Springs has operated under the mayor-board of aldermen (city council) form of government since 1903. Policy-making and legislative authority are vested in a governing council consisting of five council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, and appointing committees. The mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing, with the approval of the city council, the heads of the various departments. The mayor and the city council are elected at large. The mayor and the five council members serve four-year terms.

The City of Denham Springs provides a full range of services, including police and fire protection, maintenance of streets and drainage, maintaining landscape beautification, animal control, litter control, cemetery, general administrative services, planning and zoning, building inspection, main street program, health services, gas services, water services, sewer services and recycling and solid waste disposal.

The annual budget serves as the foundation for the City of Denham Springs' financial planning and control. All agencies of the City of Denham Springs are required to submit requests for appropriation to the city treasurer. The city treasurer uses these requests as the starting point for developing a proposed budget. The city treasurer then presents this proposed budget to the city council for review. The city council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Denham Springs' fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may make transfer of appropriations within a department. Transfer of appropriations between departments, however, require the special approval of the governing council. Budget (vs-actual) comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the

general fund, this comparison is presented on pages 26 - 27 as part of the financial statements of the governmental funds. The only other governmental fund with an annual appropriated budget is the Capital Projects Fund. Because this fund is also considered a major fund, the budget comparison is presented on page 28 as part of the financial statements of the governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Denham Springs operates.

Local economy. The City of Denham Springs currently enjoys a favorable economic environment and local indicators point to continued stability. The region has a varied industrial base that adds to the relative stability of the unemployment rate. Major industrial areas located within close proximity include the petrochemical manufacturing plants and the companies supported by these plants such as suppliers, contractors, professionals and financial institutions. Add to this the state governmental job availability in the surrounding areas of Baton Rouge, the state capital for the State of Louisiana, and the businesses supported directly and indirectly.

The population in areas near Denham Springs continues to grow as residents relocate to Livingston Parish to enjoy lower crime rates and a respected school system. Reasons are following the population growth and are locating or expanding operations within the City of Denham Springs. Availability of commercial properties with city services including police and fire protection are major factors with retailers deciding to locate here.

Constructed and opened for business in mid April 2003 is a new Home Depot building and hardware store. At this same site, out parcel construction has commenced for a new credit union and a new Chili's Restaurant, while other commercial prospects investigate their possibilities. In the planning stage is the construction of a large supermarket on Florida Blvd.

Recently announced is the development of a new Bass Pro Shop. Conservatively, construction cost for this new retail center is between \$40-\$50 million dollars. Anticipated additional construction is a hotel and a "power strip mall".

The development of the 160,000 square foot Bass Pro Shop within the new city limits was made possible through annexation. The City and the United States Justice Department both gave final approval for the annexation of a tract of land on the north side and three tracts of land on the south side of the City. Accomplished was the City's goal of expanding commercial growth within the city, and in return providing commercial businesses fire and police protection plus the additional benefit of saving on their property insurance.

The region (which includes the City of Denham Springs and the surrounding unincorporated areas within Livingston Parish) has an employed labor force of approximately 46,900. The City of Denham Springs' central business district is expected to maintain its current 97 percent occupancy rate with a variety of stores, specialty shops, and commercial businesses.

Long-term financial planning. The City will continue to improve services and upgrade infrastructure. Projects planned for the future include:

- Construction of the projected \$5.2 million Range Avenue pairing project. This project is to be funded by the State of Louisiana.
- Roadway (Drive overlay and drainage improvements at a projected cost of \$240,000.
- Sewer replacement along Rodeo Drive at a projected cost of \$1,800,000. This project is to be funded by a Louisiana Community Development Block Grant (LCDBG). The City's match is the cost of engineering fees.
- Intersection improvements and signalization at the intersection of Cookerham Road and Hatchell Lane; Cornwell Street and Hatchell Lane; and Hatchell Lane and Florida Blvd. funded by DOTD through federal CMAQ funds.
- Renovations to historic Oak City Hall building and addition of annex at a projected cost of \$450,000. Disposed and studied is the planned use of this renovated facility as a museum, community arts center, and community meeting place.
- Interchange loops to be constructed at Juban Road and Pete's Highway. These interchange projects are to be funded by Federal appropriations.
- Explore the possibility of annexing additional areas where construction of federally funded new interstate interchange is planned for Juban Road. This area will add additional commercial growth within the City.
- Continued planning and research of funding sources are being studied for the upgrade of Tate Road from Range Avenue and an extension of Tate Road to Juban Road. This planned curb and gutter street will provide access for the planned construction of a new high school. This will provide a link to the new interstate interchange and provide new commercial areas. This is within the area under consideration for annexation. This is a project expected to require a minimum of five years to complete.
- Plan and study the upgrade of the water and sewer systems within the City of Denham Springs, and the improvement of water lines on Hwy 16 (Pete's Highway) toward Port Vincent.

Cash management policies and practices. The City of Denham Springs conservatively invested its idle funds in certificates of deposit through its current fiscal agent, Hibernia National Bank. Investments are collateralized with securities pledged by the financial institution and held in our name by an approved third-party custodial bank. Procedures followed and securities pledged are in accordance with the Statutes of the State of Louisiana. The maturities of the certificates of deposit range from 180 days to 365 days, with an average maturity of 180 days. The average yield on the certificates of deposit was 2.13% for the fiscal year ended June 30, 2003.

Risk management. During the fiscal year ended June 30, 2003 management believes the City is fully insured for all major risks, such as General Liability, Workmen's Compensation, Employee and Public Official Fidelity Bonds, and Fire and Extended Coverage and Flood Insurance. The City maintains no self-insurance programs as June 30, 2003.

Additional information on the City of Denham Springs' risk management activity can be found in Note 13 of the notes to the financial statements.

Pension and other post employment benefits. Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERS), controlled and administered by separate State appointed board of trustees. The City of Denham Springs has no obligations in connection with employee benefits offered through these plans beyond its annual contractual payment to these State Pension Boards.

Additional information on the City of Denham Springs' pension arrangements and post employment benefits can be found in Notes 11 and 12 to the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Denham Springs for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002. This was the seventh consecutive year that the City of Denham Springs has received this prestigious award. In order to be awarded a Certificate of Achievement by GFOA, a governmental unit must publish an easily readable and efficiently organized CAFR. This report satisfied both accounting principles generally accepted (GAAP) in the United States of America, and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Administrative Office Staff whose daily efforts result in the proper handling of the City's financial affairs and the successful completion of this report.

Appreciation is also expressed to the Mayor and City Council for their support in planning and conducting the financial affairs of the City in a responsible and progressive manner.

Respectfully submitted,

City of Denham Springs

Charles E. Spood, Jr.

Charles E. Spood, Jr.
City Treasurer

CITY OF BENHAM SPRINGS
PRINCIPAL ELECTED OFFICIALS

JUNE 30, 2003

Mayor:

James E. Durbin

City Council Members:

Current Terms Expire December 31, 2006

Lori Lamm-Williams

Arthur Perkins

George Moskers

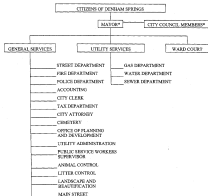
Robert Poole

John Wascott

CITY OF DENHAM SPRINGS

ORGANIZATIONAL CHART

JUNE 26, 2001



* ELECTED OFFICIALS

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denham Springs,
Louisiana

For its Comprehensive Annual

Financial Report

for the Fiscal Year Ended

June 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, reading "Edward H. Heston".

President

A handwritten signature in black ink, reading "Jeffrey P. Bann".

Executive Director



Harris T. Bourgeois, LLP

Certified Public Accountants

David L. Beckwith, CPA
Joseph R. Broussard, CPA
Robert L. Ingram, CPA
William P. Jones, CPA
Stephen M. Higgins, CPA
Michael L. Jones, CPA
Arnold L. Sapp, CPA
Douglas D. Nelson, CPA
William M. Stone, CPA
David L. Beckwith, CPA
Louis E. Higgins, CPA
110 Woodland Avenue, Covington

1175 Del Four Avenue, Suite B
Denham Springs, LA 70706
Phone: (225) 885-8100
Fax: (225) 887-3815

Member American Institute of
Certified Public Accountants

2002 Westwood Drive, Suite 200
Baton Rouge, LA 70801

September 19, 2003

INDEPENDENT AUDITOR'S REPORT

The Honorable James E. Durbin, Mayor
and Members of the City Council
Denham Springs, Louisiana

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the assertions and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Denham Springs, Louisiana, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Honorable James E. Dinklin
and Members of the City Council
City of Denham Springs, Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 2000 on our consideration of the City of Denham Springs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 4 through 17 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed in the Table of Contents as Supplementary Schedule (Schedule 1) is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Denham Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial information listed in the Statistical Section is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Denham Springs, Louisiana. The information has not been audited by us, and accordingly we express no opinion on the information.

Respectfully submitted,

James A. Bourgeois, Jr. P.

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

As management of the City of Denham Springs, Louisiana, we offer readers of the City of Denham Springs, Louisiana's financial statements this narrative overview and analysis of the financial activities of the City of Denham Springs, Louisiana, for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iv-viii of this report.

Financial Highlights

- The assets of the City of Denham Springs exceeded liabilities at the close of the most recent fiscal year by \$26,466,333 (*net assets*). Of this amount, \$11,931,854 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets compared to prior year total net assets of \$27,803,138 decreased by \$1,341,805.
- As of the close of the current fiscal year, the City of Denham Springs's governmental funds reported combined ending fund balances of \$3,323,233, a decrease of \$93,738 in comparison with the prior year combined ending fund balances of \$3,835,961. Approximately eighty-five percent of this total amount, \$2,825,841, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,144,658, or 32 percent of total general fund expenditures.
- The City of Denham Springs's total long-term liabilities increased by \$254,425 (22 percent) during the current fiscal year. The key factors in this increase was the decrease in the current debt service requirements of \$230,034 and the net increase of Environmental Assessment Liabilities of \$489,850 caused by the settlement with the Louisiana Department of Environmental Quality (LDEQ), as explained in Note 17.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Denham Springs's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Denham Springs's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* (Exhibit A-1) presents information on all of the City of Denham Springs's assets and liabilities, with the difference between the two reported as *Net Assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Denham Springs is improving or deteriorating.

The *Statement of Activities* (Exhibit A-2) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Denham Springs that are principally supported by taxes, licenses, permits, fees and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Denham Springs include general government, public safety, highways and streets, health, and culture and recreation. The business-type activities of the City of Denham Springs include a gas and water distribution operation, a sewer disposal operation, and a contracted solid waste disposal operation. All business-type activities are included in a single Utility Enterprise Fund.

The government-wide financial statements include not only the City of Denham Springs itself (known as the primary government), but also a legally separate City Court of Denham Springs Ward II and a legally separate Marshall of City of Denham Springs – Ward II for which the City of Denham Springs is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Denham Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Denham Springs can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Denham Springs maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Denham Springs adopts an annual appropriated budget for its general fund and capital projects fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 23-26 of this report.

Proprietary funds. The City of Denham Springs maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Denham Springs uses enterprise funds to account for its gas and water distribution operations, sewer disposal operations, and contracted solid waste disposal operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Denham Springs' various functions. The City of Denham Springs uses an internal service fund to account for fuel and maintenance cost for its fleet of vehicles and equipment. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the enterprise fund consisting of the gas and water distribution operations, sewer disposal operation, and contracted solid waste disposal operation, which is considered to be a major fund of the City of Denham Springs. Conversely, the internal service fund is a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 39-43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-88 of this report.

Other information. In addition to the basic financial statements and accompanying notes, the combining statement referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 82-93 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Denham Springs, assets exceeded liabilities by \$26,460,233 at the close of the most recent fiscal year.

By far the largest portion of the City of Denham Springs' net assets (53 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Denham Springs uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Denham Springs' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the Condensed Statement of Net Assets for June 30, 2003 with comparative figures from 2002.

City of DeSoto Springs
Condensed Statement of Net Assets
June 30, 2003 and 2002

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Assets:						
Current and Other Assets	\$ 3,821,888	\$ 4,188,024	\$ 2,481,823	\$ 3,811,862	\$ 6,303,711	\$ 7,999,886
Restricted Assets	-	-	335,800	485,800	335,800	485,800
Capital Assets	6,941,960	6,560,804	13,444,348	13,788,134	20,386,308	17,749,688
Total Assets	10,763,848	10,748,832	16,261,971	18,085,796	27,025,819	28,813,486
Liabilities:						
Current Liabilities	326,048	381,152	1,339,874	976,830	1,665,922	1,358,002
Long-Term Liabilities	228,148	227,513	434,879	815,741	662,927	893,256
Total Liabilities	554,196	608,665	1,774,753	1,792,571	2,329,149	2,251,258
Net Assets:						
Invested in Capital Assets/Net of Debt	6,941,960	6,560,804	7,096,127	7,229,602	14,038,087	13,786,528
Restricted	496,392	488,762	-	-	496,392	488,762
Unrestricted	1,571,280	1,079,699	9,386,983	10,441,733	11,958,263	13,528,448
Total Net Assets	\$ 10,813,642	\$ 10,129,165	\$ 16,483,110	\$ 17,671,335	\$ 26,493,312	\$ 27,803,138

For more detailed information see Exhibit A-1, the Statement of Net Assets.

June 30, 2003 Net Assets



Approximately 53% (\$14,032,987) of the City's net assets at June 30, 2003, reflects the government's investment in capital assets (land, buildings, infrastructure, machinery and equipment) less any related debt to acquire those assets. The City uses these capital assets to provide services to the citizens of Denham Springs and, therefore, these assets are not available for future spending. An additional portion of the City of Denham Springs's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets 45% (\$11,991,854) may be used to meet government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Denham Springs is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Restricted net assets reported in connection with the City of Denham Springs' business-type activities increased from \$485,000 to \$535,000. The \$50,000 represents funds set aside to repay customers deposits required prior to receiving services.

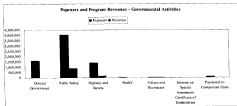
The City's net assets decreased by \$1,342,805 during the current fiscal year, a difference of \$1,564,235 compared to 2002. The major portion of the decrease (\$525,000) was caused by the settlement with the Louisiana Department of Environmental Quality concerning an environmental assessment (Note 17). Other areas involved increased repair and maintenance expenses (\$256,875) in connection with the utility enterprise operations and overall salary and benefit cost increases (\$877,944) in most all departments.

The condensed statement below provides a summary of the changes in net assets for the year ended June 30, 2003, with comparative figures from 2002.

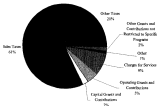
	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues						
Charges for Services	\$ 396,363	\$ 334,448	\$ 4,711,441	\$ 4,833,164	\$ 5,107,804	\$ 5,167,612
Operating Grants and Contributions	377,347	286,611	-	-	377,347	286,611
Capital Grants and Contributions	111,668	47,867	43,686	31,951	261,301	88,642
General Revenues						
Sales Taxes	4,316,289	4,193,182	-	-	4,316,289	4,193,182
Other Taxes	1,663,669	1,922,983	-	-	1,663,669	1,922,983
Other Grants and Contributions not Restricted to Specific Programs	100,687	304,170	-	41,734	120,687	345,904
Other	91,933	91,412	86,219	94,836	178,152	186,252
Total Revenues	7,057,976	6,889,517	4,841,345	4,961,131	11,899,321	11,850,149
Expenses:						
General Governmental	1,698,264	1,379,614	-	-	1,698,264	1,379,614
Public Safety	4,012,913	3,670,913	-	-	4,012,913	3,670,913
Highways and Streets	1,413,059	1,714,798	-	-	1,413,059	1,714,798
Health	27,768	29,694	-	-	27,768	29,694
Culture and Recreation	32,893	71,643	-	-	32,893	71,643
Interest on Long-Term Debt	773	1,345	-	-	773	1,345
Payments to Component Units	94,932	99,122	-	-	94,932	99,122
Gas	-	-	1,574,486	1,334,007	1,574,486	1,334,007
Water	-	-	676,832	663,179	676,832	663,179
Power	-	-	1,979,226	1,983,607	1,979,226	1,983,607
Sanitation	-	-	399,536	612,943	399,536	612,943
Total Expenses	7,296,734	6,871,129	4,652,249	4,003,636	11,948,983	11,467,362
Increase in Net Assets:						
Attributable to Governmental Activities	66,816	-	-	-	66,816	-
Attributable to Business-Type Activities	(114,340)	61,796	(1,246,602)	660,721	(1,294,196)	722,517
Net Assets - Beginning of Year	19,126,731	19,688,675	17,671,381	17,313,565	36,800,112	37,002,240
Net Assets - End of Year	\$ 18,999,197	\$ 19,750,471	\$ 16,424,779	\$ 17,974,286	\$ 35,423,976	\$ 38,724,480

Total revenues from Governmental Activities increased by \$128,141 over the prior year.

- Sales taxes increased by \$123,107 (3 percent) during the year. Most of this increase is attributable to retail sales.
- Charges for services increased by \$62,332 during the year. Most of this increase was attributed to increased collections from fines and forfeitures and 911 service fees.
- Operating grants and contributions increased by \$31,234 during the year. This increase was attributed to increased activity in application of law enforcement grants.
- Capital Grants and Contributions increased by \$107,738. This increase was because of the receipt of the State Grant for the Range Avenue sidewalk construction.
- Interest income declined during the current fiscal year by \$38,548. This decline was caused entirely by the reduction in interest rates on invested funds.
- Occupational license and permits increased by \$34,761. This increase is attributable to continued commercial growth and strong economic community support.
- Franchise fees increased by \$63,663. This increase is attributable to commercial growth and change in cable television products offered.
- Other small revenue increases and decreases amounted to a total of \$5,405 in increased revenues.
- Other Grants and Contributions not Expended by Specific Programs decreased by \$81,568. This decrease was caused by a one-time insurance premium rebate of \$95,811 from premiums paid over the past years which was received in the prior year.



Revenue by Source - Governmental Activities



Total expenses from Governmental Activities increased by \$273,405.

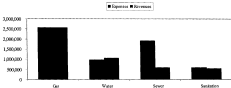
- Total salaries charged to governmental activities increased from \$3,268,749 to \$3,551,254 or an increase of \$282,505. This increase was caused by pay increases, the addition of several employees and the retirement of several long-time employees.
- Related payroll taxes and employee benefits charged to government activities increased by \$126,689. In addition to increased salaries, there was a significant increase in the firefighters retirement and group insurance.
- For the most part, the remainder of the governmental activities expenses remained at prior year levels.

Also during the current fiscal year the City annexed certain areas around the City of Denham Springs. This annexation increased the City's net assets by \$68,816 due to the net value of the infrastructure annexed.

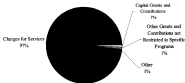
Business-type activities. Business-type activities decreased the City of Denham Springs's net assets by \$1,226,665, accounting for 91.3 percent of the total decline in the government's net assets. Key elements of this decrease are as follows.

- Operating income from business-type activities decreased by \$1,369,458 from the prior year. This decrease was mainly caused by the settlement of an environmental assessment of \$525,000 imposed by the Louisiana Department of Environmental Quality (Note 17), the increased repair and maintenance costs of \$356,875 in connection with all the utility enterprise systems operations, the reduction in the gross profit on natural gas sales of \$128,173, and the increase in salaries and benefits of \$243,852.
- Non-operating revenue decreased by \$90,741. This decrease was caused by the use of \$348,800 of invested funds in the current year and the continued interest rate reduction of invested funds.

Expenses and Program Revenues - Business Type Activities



Revenues by Source - Business Type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Durham Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Durham Springs's governmental funds is to provide information on near-term inflows, and balances of spendable resources. Such information is useful in assessing the City of Durham Springs's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Durham Springs's governmental funds reported combined ending fund balances of \$3,322,253, a decrease of \$513,728 in comparison with the prior year. Approximately 8.9% of this total amount (\$2,825,841) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to generate income to pay for the perpetual care of the municipal cemetery (\$496,382).

The general fund is the chief operating fund of the City of Durham Springs. At the end of the current fiscal year, total fund balance of the general fund of \$2,144,699 was unreserved. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Total fund balance and unreserved fund balance represents 52 percent of total general fund expenditures.

During the current fiscal year, the fund balance of the City of Durham Springs' general fund decreased by \$411,566 or an increased decline over the prior year of \$143,272. While revenues increased \$230,597 or 3.5%, expenditures and other financing use increased by \$573,869 or 5.4%. Key factors in this decline are as follows:

- While sales taxes increased by \$123,107, franchise taxes \$63,142, licenses and permits \$34,763, fines and forfeitures and 911 service fees \$28,385, other taxes declined by \$3,719 and miscellaneous revenues declined by \$35,895.
- The majority of the expenditures and other financing use increase came about because of the increase in salaries in the general fund of \$382,905, due to pay increases, the addition of several employees, and the retirement of several long-time employees who had accumulated large amounts of overtime that had not been paid prior to retirement. In addition, related payroll taxes and employee benefits increased by \$128,699. There was a significant increase in the firefighters retirement and a large group insurance rate increase.
- Equipment purchases in the general fund declined by \$141,383, while transfers to the Capital Projects Fund increased by \$86,055.

The debt service fund has a total fund balance of \$2,664, all of which is unreserved as the final payment on this debt was made in the current year. The net decrease in fund balance during the current year in the debt service fund of \$11,578 was caused by the normal payment of debt service expenditures in the current year.

Proprietary funds. The City of Denham Springs' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise fund at the end of the year amounted to \$9,169,305. The total decline in net assets for the enterprise fund is \$1,220,296. Other factors concerning the enterprise fund have already been addressed in the discussion of the City of Denham Springs' business-type activities.

General Fund Budgetary Highlights

Major differences between the original budget and the final amended budget of the General Fund are briefly summarized as follows:

Revenue:

Total budgeted revenues were increased by \$900,185 over the original budget.

- Sales tax revenues were increased by \$250,000 due to original conservative projections.
- Utilities franchise tax revenue was increased by \$20,000 due to increased residential and commercial growth.
- Cable franchise tax revenue was increased by \$19,484 due to actual amounts collected.
- Occupational license and permits revenue was increased by \$50,125 due to commercial growth and various economic conditions.
- Fines and forfeits revenue were increased by \$50,500 due to the original conservative projections.
- 911 reimbursement fees increased by \$20,000 due to increase in salary and benefits.
- Background check fees are a new source of revenue the City commenced receiving the latter part of the prior fiscal year. This is an increase of \$26,000 due to the original conservative projections.
- Police grant revenue increased by \$29,608. This is mostly due to an audit resulting favorably in the City being reimbursed for previously applied match funds to 100% reimbursable grants.

Expenditure:

Total budgeted appropriations were increased by only \$118,687. Recognized unspent budget dollars were moved to areas of budgeted need resulting in only a slight increase over original budget.

Capital Asset and Debt Administration

Capital assets. The City of Denham Springs' investment in capital assets for its governmental and business type activities as of June 30, 2003, amounts to \$22,385,348 (net of accumulated depreciations). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and drainage. The total increase in the City of Denham Springs' investment in capital assets for the current fiscal year was less than 2% (a 6 percent increase for governmental activities and a 2 percent decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- Range Road corridor project is currently in the environmental phase; project cost as of fiscal year ended June 30, 2003 has reached \$461,642 and \$263,034 has been reimbursed by grants.
- Roden Drive drainage project was completed as of fiscal year ended June 30, 2003, at a project cost of \$393,087.
- South Range Avenue sidewalk project was completed as of fiscal year ended June 30, 2003, at a project cost of \$134,771 and \$321,837 has been reimbursed by grants.
- Construction of a new Fire Station/Water Department Building commenced; total project cost as of fiscal year ended June 30, 2003 had reached \$285,158. Estimated cost of this project is \$650,000.
- Preliminary engineering design for sewer system to be installed at the City's Forest Del Norte Sewerage Treatment Facility was completed at a cost of \$18,830. Estimated cost of this project is \$380,000.

*City of Durham Springs
Capital Assets
(Net of Accumulated Depreciation)
June 30, 2003 and 2002*

	Governmental Activities		Business-Type Activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 418,871	\$ 418,871	\$ 159,575	\$ 159,575	\$ 578,446	\$ 578,446
Buildings and Improvements	1,120,815	1,120,361	20,266	21,361	1,141,081	1,141,726
Gas Systems	-	-	1,068,691	1,068,602	1,068,691	1,068,602
Water Systems	-	-	1,960,755	1,126,250	1,960,755	1,126,250
Sewer Systems	-	-	10,726,418	11,093,121	10,726,418	11,093,121
Machinery and Equipment	1,476,642	1,678,121	461,992	583,375	1,938,634	2,261,496
Infrastructure	2,463,274	1,889,210	-	-	2,463,274	1,889,210
Construction in Progress	761,018	183,276	21,242	-	782,260	183,276
Total	\$ 4,340,505	\$ 4,389,839	\$ 11,768,134	\$ 12,388,149	\$ 16,108,639	\$ 16,777,985

Additional information on the City of Durham Springs' capital assets can be found in note 8 on pages 63-68 of this report.

Long-term debt. At the end of the current fiscal year, the City of Durham Springs had total bonded debt outstanding of \$614,933. This amount is debt secured solely by utility service charges.

City of Denham Springs
General Obligation and Revenue Bonds
June 30, 2000 and 2001

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
Special Assessment Debt with Governmental Commitments	\$ -	\$ 11,320	\$ -	\$ -	\$ -	\$ 11,320
Revenue Bond	-	-	514,000	841,877	514,000	841,877
Total	\$ -	\$ 11,320	\$ 514,000	\$ 841,877	\$ 514,000	\$ 853,197

During the current fiscal year, the City of Denham Springs' total debt decreased by \$241,265 (28.1 percent). This resulted because regular debt payments were timely paid. No new debt has been issued during the fiscal year ended June 30, 2001.

Additional information on the City's long-term debt can be found in note 2 on pages 68-70.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City of Denham Springs is currently 6.7 percent, which is an increase from a rate of 6.1 percent a year ago. This compares favorably to the state's average unemployment rate of 6.8 percent and the national average rate of 6.4 percent.
- The occupancy rate of the City's central business district has remained from 93-100 percent for the past several years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Denham Springs' budget for the 2004 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$2,344,650. The City appropriated \$941,594 of this amount for spending in the 2004 fiscal year budget. It is intended that this use of available fund balance will avoid the need to raise taxes or charges during the 2004 fiscal year. It also will allow continued funding for major capital projects.

The City of Denham Springs' general fund receives approximately 60% of its revenues from the 1-1/2% general sales and use tax levied by the City of Denham Springs. Because of new commercial business construction and the actual revenues being generated, the City has conservatively budgeted a 4.3% increase over actual revenues received for the 2004 fiscal year.

Of the \$941,594 general fund unreserved fund balance being used in the 2004 fiscal year budget, \$320,000 or 34% represents amounts being used for capital projects, \$84,340 or 9% represents amounts being used for equipment purchases in accordance with City's fixed asset policy, \$75,000 or 8% represents increases in contingency reserve for potential settlement of pending lawsuits, \$224,316 or 24% represents increased cost of municipal employee, firefighter and police retirement cost, while \$237,938 or 25% represents cost of living salary increases along with related benefit increases excluding retirement. The largest projected salary and benefit increase is in the police department where anticipated salaries increased by \$133,728 and anticipated overtime cost increased by \$50,000.

Requests for Information

This financial report is designed to provide a general overview of the City of Denham Springs' financials for all those with an interest in the government's financials. Questions concerning any of this information provided in this report or requests for additional information should be addressed to the City Treasurer, c/o City of Denham Springs, P.O. Box 1629, Denham Springs, Louisiana 70727-1629.

BASIC FINANCIAL STATEMENTS

CITY OF DENHAM SPRINGS

STATEMENT OF NET ASSETS

JUNE 30, 2003

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City Court of Denham Springs Year 11	Marshal of City Court of Denham Springs Year 11
ASSETS					
Cash and Cash Equivalents	\$ 1,202,479	\$ 336,314	\$ 1,538,793	\$ 108,028	\$ 87,577
Investments	1,522,463	1,441,995	2,964,458	149,888	40,581
Receivables, Net	233,713	487,328	721,041	1,332	6,879
Due from Other Governments	871,699	-	871,699	-	-
Due from Component Unit	3,672	-	3,672	-	-
Internal Balances	(111,288)	111,288	-	-	-
Inventories	10,758	101,589	112,347	-	-
Prepaid Items	-	7,881	7,881	-	-
Restricted Assets:					
Investments	-	505,000	505,000	-	-
Capital Assets:					
Land and Construction in Progress	900,499	198,937	1,099,436	-	-
Other Capital Assets, Net of Depreciation	5,888,271	15,253,443	21,141,714	11,573	49,582
Total Assets	<u>\$ 10,507,840</u>	<u>\$ 18,465,803</u>	<u>\$ 28,973,643</u>	<u>\$ 219,244</u>	<u>\$ 182,211</u>
LIABILITIES					
Accounts Payable and Accrued Expenses Due to Primary Government	\$ 449,889	\$ 690,698	\$ 1,140,587	\$ 1,367	\$ 9,278
Non-Current Liabilities:					
Due Within One Year	76,876	669,824	746,700	-	-
Due in More Than One Year	238,148	424,039	662,187	-	-
Total Liabilities	764,913	2,184,561	2,949,474	1,367	10,946
NET ASSETS					
Investment in Capital Assets, Net of Related Debt	6,941,968	1,296,127	8,238,095	31,772	49,440
Restricted For:					
Component Unit	496,362	-	496,362	-	-
Unrestricted	2,875,241	5,369,585	8,244,826	179,182	132,823
Total Net Assets	<u>(6,133,641)</u>	<u>(6,448,950)</u>	<u>\$ 28,973,643</u>	<u>\$ 411,034</u>	<u>\$ 182,211</u>
Total Liabilities and Net Assets	<u>\$ 10,507,840</u>	<u>\$ 18,465,803</u>	<u>\$ 28,973,643</u>	<u>\$ 622,278</u>	<u>\$ 182,211</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2000

Function/Program	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	\$ 1,608,000	\$ -	\$ 9,306	\$ -
Public Safety	4,020,820	583,217	181,176	-
Highways and Streets	1,403,339	13,364	-	130,000
Health	27,768	-	-	-
Culture and Recreation	32,090	-	36,160	-
Interest on Special Assessment Certificates of Indebtedness	770	-	-	-
Payments to Component Units	94,812	-	-	-
Total Governmental Activities	<u>7,206,734</u>	<u>596,581</u>	<u>327,247</u>	<u>130,000</u>
Business-Type Activities				
Gas	2,376,406	2,348,216	-	-
Water	976,611	1,068,128	-	-
Sewer	1,049,116	943,253	-	80,666
Sanitation	599,628	835,834	-	-
Total Business-Type Activities	<u>4,971,761</u>	<u>4,715,431</u>	<u>-</u>	<u>80,666</u>
Total Primary Government	<u>\$ 12,178,494</u>	<u>\$ 5,311,992</u>	<u>\$ 327,247</u>	<u>\$ 210,666</u>
Component Units				
City Court of Denham Springs - Ward II	\$ 216,782	\$ 216,786	\$ 16,813	\$ -
Municipal of City Court of Denham Springs - Ward II	<u>118,446</u>	<u>182,377</u>	<u>108,607</u>	<u>-</u>
Total Component Units	<u>\$ 335,228</u>	<u>\$ 409,162</u>	<u>\$ 125,420</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property				
Sales				
Occupational and Franchise				
Income				
Other Grants and Contributions not Allocated to Specific Programs				
Interest Income				
Gains on Sale of Asset				
Payments from the City of Denham Springs				
Total General Revenues				
Increase in Infrastructure Due to Appreciation				
Change in Net Assets				
Net Assets - Beginning of Year				
Net Assets - End of Year				

The accompanying notes constitute an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	City-County of DeSoto Springs - Ward II	Municipal of City-County of DeSoto Springs - Ward II
\$ (1,299,189)	\$ -	\$ (1,299,189)	\$ -	\$ -
(5,039,809)	-	(5,039,809)	-	-
(1,246,500)	-	(1,246,500)	-	-
(27,769)	-	(27,769)	-	-
(16,556)	-	(16,556)	-	-
(713)	-	(713)	-	-
<u>(99,815)</u>	<u>-</u>	<u>(99,815)</u>	<u>-</u>	<u>-</u>
(8,124,341)	-	(8,124,341)	-	-
-	(5,188)	(5,188)	-	-
-	81,096	81,096	-	-
-	(1,208,507)	(1,208,507)	-	-
<u>-</u>	<u>(98,792)</u>	<u>(98,792)</u>	<u>-</u>	<u>-</u>
-	<u>(1,205,187)</u>	<u>(1,205,187)</u>	<u>-</u>	<u>-</u>
<u>(8,124,341)</u>	<u>(1,205,187)</u>	<u>(7,409,154)</u>	<u>-</u>	<u>-</u>
-	-	-	(14,889)	-
-	-	-	-	(271,752)
-	-	-	(24,582)	(271,752)
162,899	-	162,899	-	-
4,216,289	-	4,216,289	-	-
681,779	-	681,779	-	-
680,028	-	680,028	-	-
123,682	38,399	162,081	9,609	1,679
49,882	49,882	99,764	18,318	1,350
6,163	-	6,163	-	-
-	-	-	<u>49,882</u>	<u>49,882</u>
<u>6,940,381</u>	<u>88,211</u>	<u>6,028,764</u>	<u>62,796</u>	<u>20,679</u>
<u>68,816</u>	<u>-</u>	<u>68,816</u>	<u>-</u>	<u>-</u>
<u>(116,148)</u>	<u>(1,226,667)</u>	<u>(1,342,805)</u>	<u>45,213</u>	<u>31,896</u>
<u>(6,129,783)</u>	<u>(77,671,333)</u>	<u>(77,801,116)</u>	<u>366,669</u>	<u>(156,859)</u>
<u>\$ 30,023,640</u>	<u>\$ 16,444,698</u>	<u>\$ 46,468,338</u>	<u>\$ 408,877</u>	<u>\$ 166,545</u>

CITY OF DENHAM SPRINGS

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2003

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 458,604	\$ 611,606	\$ 85,285	\$ 1,155,495
Investments, at Cost	812,463	208,000	410,800	1,531,463
Receivables:				
Ad. Valorem Taxes, Net	189	-	-	189
Special Assessments	-	-	389	389
Other	288,542	3,671	1,851	313,064
Due from Other Governments	820,808	152,771	-	973,579
Due from Component Units	3,872	-	-	3,872
Total Assets	\$ 2,401,158	\$ 971,448	\$ 499,445	\$ 3,872,051
LIABILITIES				
Accounts Payable	\$ 78,327	\$ 162,143	\$ -	\$ 240,470
Bondings Payable	-	5,178	-	5,178
Payroll Taxes Payable	1,548	-	-	1,548
Retirement and Group Insurance Payable	14,882	-	-	14,882
Accrued Salaries and Wages	143,387	-	-	143,387
Due to Other Funds	-	128,880	-	128,880
Deferred Revenues	-	-	389	389
Other Liabilities	79,094	-	-	79,094
Total Liabilities	256,588	296,201	389	553,178
FUND BALANCES				
Fund Balance:				
Reserved for Cemetery Expenditures	-	-	496,952	496,952
Unreserved, Reported to:				
General Fund	2,144,658	-	-	2,144,658
Capital Projects Fund	-	678,217	-	678,217
Debt Service Fund	-	-	2,664	2,664
Total Fund Balances	2,144,658	678,217	499,616	3,322,491
Total Liabilities and Fund Balances	\$ 2,401,158	\$ 971,448	\$ 499,445	\$ 3,872,051

The accompanying notes constitute an integral part of this statement.

CITY OF BENILAM SPRINGS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2003

Fund Balances-Total Governmental Funds		\$ 3,322,233
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because:		
Capital Assets Used in Governmental Activities are not Financial Resources and are not Reported in the Governmental Funds		
Governmental Capital Assets	\$ 11,178,458	
Less Accumulated Depreciation	<u>(4,250,244)</u>	6,928,214
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported in the Governmental Funds		
Compensated Absences Payable		(281,394)
The Motor Pool Internal Service Fund is Used by Management to Charge the Cost of Vehicle Repairs to Individual Funds. The Assets and Liabilities of the Internal Service Fund are Included in Governmental Activities in the Statement of Net Assets		
Motor Pool Internal Service Fund Net Assets	\$1,668	
Prior Year Net Loss Allocated to Business-Type Activities	6,773	
Current Year Net Loss Allocated to Business-Type Activities	<u>6,389</u>	<u>64,730</u>
Net Assets of Governmental Activities		<u>\$ 18,813,643</u>

The accompanying notes constitute an integral part of this statement.

CITY OF DEERLASH SPRINGS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Special Assessments	\$ -	\$ -	\$ 2,894	\$ 2,894
Taxes	5,118,463	-	-	5,118,463
Licenses and Permits	681,773	-	-	681,773
Fines and Forfeits	268,883	-	-	268,883
911 Service Fees	201,332	-	-	201,332
Interest	38,848	8,623	6,285	48,753
Miscellaneous	328,137	143,711	11,806	683,653
Total Revenues	6,836,603	152,334	21,179	7,010,116
Expenditures:				
Current:				
General Government	1,888,673	-	712	1,889,385
Public Safety	3,863,753	-	-	3,863,753
Highways and Streets	1,087,427	-	-	1,087,427
Health	27,268	-	-	27,268
Culture and Recreation	33,891	-	-	33,891
Payments to Component Units	94,913	-	-	94,913
Capital Outlay:				
Public Safety	-	200,158	-	200,158
Highways and Streets	-	620,323	-	620,323
Debt Service:				
Principal Retirement	-	-	13,323	13,323
Interest	-	-	773	773
Total Expenditures	6,896,438	820,481	14,805	7,731,724
Excess (Deficiency) of Revenues over Expenditures	124,026	(668,147)	6,373	(477,748)
Other Financing Sources (Uses):				
Transfers In	-	351,758	-	351,758
Transfers Out	(361,355)	-	-	(361,355)
Sale of Assets	6,183	-	-	6,183
Total Other Financing Sources (Uses)	(445,322)	351,758	-	(93,564)
Net Change in Fund Balances	(441,986)	(316,389)	6,373	(751,999)
Fund Balances at Beginning of Year	2,555,218	789,662	488,583	3,833,463
Fund Balances at End of Year	\$ 2,113,232	\$ 473,273	\$ 494,956	\$ 3,081,461

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds		\$ (513,728)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities, the Cost of These Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expenses.		
Capital Outlay	863,179	
Depreciation Expenses	<u>(133,750)</u>	729,429
Increase in Infrastructure Due to Appreciation		68,918
The Repayment of Principal on Long-Term Debt Consumes Current Financial Resources of Governmental Funds Which has no Effect on Net Assets.		13,321
Some Expenses Reported in the Statement of Activities do not Require the use of Current Financial Resources and are not Reported as Expenditures in Governmental Funds.		
Decrease in Compensated Absences Payable		12,172
Internal Service Funds are Used by Management to Charge the Costs of Certain Activities to Individual Funds. The Net Revenue (Expense) of the Internal Service Funds is Reported with Governmental Activities.		<u>(7,362)</u>
Change in Net Assets of Governmental Activities		<u>\$ (116,140)</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF BENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Ad Valorem Taxes	\$ 153,000	\$ 150,000	\$ 143,868	\$ 3,888
Alcoholic Beverage Tax	25,000	25,000	22,883	(2,917)
Chain Store Tax	16,800	16,500	16,060	(2,330)
Electrical Franchise Taxes	425,000	445,000	488,814	35,814
Sales Taxes	4,000,000	4,250,000	4,316,289	66,289
Cable TV Franchise Tax	98,000	117,484	117,484	-
Weekend Franchise Tax	1,600	1,950	2,530	580
	<u>4,721,400</u>	<u>5,017,984</u>	<u>5,118,483</u>	<u>100,489</u>
Licenses and Permits:				
Occupational Licenses	500,000	545,000	589,718	44,718
Other Permits and Licenses	81,750	88,875	92,855	3,180
	<u>581,750</u>	<u>633,875</u>	<u>681,773</u>	<u>47,898</u>
Fees and Forfeits:				
Ward II Court	205,500	250,000	288,880	13,880
911 Service Fees	180,000	280,000	264,352	1,332

(CONTINUED)

**CITY OF BENJAMIN SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Miscellaneous:				
Dog Licenses and Fees	9,000	11,000	12,771	1,771
Flea Insurance Commissions	18,000	22,720	24,922	2,202
Interest Income	28,000	28,000	30,868	2,868
Rentals	30,000	30,000	47,842	17,842
Miscellaneous	22,200	60,100	102,331	42,431
Law Enforcement Grants	20,162	60,800	121,796	61,796
Other Grant Revenue	10,800	10,800	16,365	6,365
Road Maintenance Fees	12,360	12,360	13,264	4
Intergovernmental Revenue	190,800	190,800	179,789	(11,020)
Rent Income	180	300	315	5
FEMA Disaster Grant	-	8,248	9,306	1,058
	<u>381,622</u>	<u>404,538</u>	<u>560,000</u>	<u>123,462</u>
Total Revenue	<u>6,942,272</u>	<u>6,942,177</u>	<u>6,830,451</u>	<u>288,674</u>

(CONTINUED)

**CITY OF BENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2003**

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
General Government:				
General Provisions:				
Salaries	237,268	247,616	252,697	14,319
Alderman's Per Diem	48,800	48,800	97,600	2,400
Payroll Taxes, Retirement, and Group Insurance	80,394	87,042	81,534	5,308
Chamber of Commerce	10,000	10,000	10,000	-
Contingency	50,000	-	-	-
Depreciation	43,800	-	-	-
Electricity	20,000	15,000	15,418	(400)
Equipment Purchased	10,000	87,967	48,588	19,537
Insurance	20,632	20,632	43,376	(24,854)
Legal and Professional	86,758	(28,860)	104,962	13,898
Membership Fee and Educational Training	20,000	20,000	25,733	(5,733)
Miscellaneous	53,620	84,673	84,498	175
Printing, Postage and Office Supplies	42,900	53,200	54,709	(1,509)
Rental Equipment	1,000	8,000	6,687	1,343
Repairs and Maintenance	51,080	88,223	94,913	3,513
Small Tools and Supplies	4,000	28,908	31,806	(2,426)
Telephone	13,400	34,900	32,870	1,630
Travel	3,380	7,280	8,391	(1,097)
Total General Provisions	882,984	985,933	963,562	26,393
Cemetery:				
Salaries	48,816	53,334	53,342	182
Payroll Taxes, Retirement, and Group Insurance	16,148	15,417	15,369	148

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2000

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Government (Continued):				
Cemetery (Continued):				
Depreciation	4,800	-	-	-
Equipment Purchases	-	10,500	10,500	-
Legal and Professional	1,800	1,018	1,018	-
Repairs and Maintenance	16,600	7,600	2,239	5,360
Insurance	6,096	6,096	5,329	767
Miscellaneous	2,210	2,200	1,297	1,913
Small Tools	1,500	1,500	1,804	(304)
Total Cemetery	81,512	68,815	68,779	5,036
Tax:				
Salaries	45,282	45,282	44,866	416
Payroll Taxes, Retirement, and Group Insurance	11,082	11,082	10,231	751
Collection Fee	30,000	30,000	69,950	39
Depreciation	1,600	-	-	-
Equipment Purchases	3,000	-	-	-
Equipment Expense	800	1,500	734	766
Insurance	1,240	1,240	(2,688)	3,928
Legal and Professional	1,350	1,350	3,368	(2,018)
Miscellaneous	2,400	2,400	886	1,514
Printing, Postage and and Office Supplies	6,500	6,500	1,619	4,881
Small Tools and Supplies	1,600	2,220	1,727	393
Tax Roll	5,000	5,000	4,607	393
Total Tax	149,714	146,634	139,400	11,234

(CONTINUED)

CITY OF DUNHAM SPRINGS
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
General Government (Continued)				
Ward Court:				
Salaries	26,000	26,500	26,240	260
Payroll Taxes, Retirement, and Group Insurance	14,817	15,798	15,074	1,724
Building Maintenance	7,000	7,000	7,042	(42)
Additional Court Costs	5,000	7,000	5,278	1,722
Depreciation	15,000	-	-	-
Miscellaneous	2,000	2,025	1,901	104
Prosecuting Attorney Fees	12,000	6,000	8,000	-
Total Ward Court	81,217	76,323	68,515	6,808
Planning and Zoning:				
Salaries	130,949	121,102	128,866	256
Payroll Taxes, Retirement, and Group Insurance	37,210	23,828	23,068	820
Depreciation	9,000	-	-	-
Equipment Purchased	2,500	-	-	-
Insurance	11,175	11,175	11,124	48
Legal and Professional	10,580	10,580	28,858	(9,598)
Miscellaneous	11,880	8,558	6,286	2,264
Demolition Expense	10,000	10,000	-	10,000
Printing, Postage and Office Supplies	6,200	7,900	4,584	2,906
Small Tools and Supplies	500	1,800	12,164	(10,664)
Vehicle Expense	5,000	5,000	3,793	1,207
Total Planning and Zoning	235,032	189,132	201,821	(2,776)

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts			Variance With Final Budget - Favorable (Unfavorable)
	Original	Final	Actual	
General Government (Continued):				
Public Service Workers:				
Salaries	78,851	46,335	45,487	788
Payroll Taxes, Retirement, and Group Insurance	20,334	12,769	12,101	602
Vehicle Expense	3,006	4,500	3,338	1,072
Equipment Repairs	1,000	100	97	3
Small Tools and Supplies	2,000	2,000	1,331	769
Depreciation	4,000	-	-	-
Electricity	3,700	3,200	1,818	1,382
Insurance	7,581	3,200	3,967	(567)
Miscellaneous	4,300	3,812	3,472	1,260
Total Public Service Workers	128,786	75,816	70,241	5,609
Landscaping:				
Salaries	-	32,584	30,705	1,879
Payroll Taxes, Retirement, and Group Insurance	-	8,978	8,388	590
Vehicle Expense	-	3,350	2,279	1,471
Repairs and Maintenance	-	13,000	4,696	7,304
Small Tools and Supplies	-	5,000	5,098	(98)
Telephone	-	750	504	246
Rental Equipment	-	2,000	430	1,570
Miscellaneous	-	2,200	843	1,657
Legal and Professional	-	1,800	-	1,800
Insurance	-	6,000	2,748	3,252
Total Landscaping	-	74,962	55,691	18,871
Total General Government	1,488,835	1,604,332	1,588,671	74,661

(CONTINUED)

CITY OF DEERHAM SPRINGS
GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (UNAPPORTIONED) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Public Safety:				
Animal Control:				
Salaries	45,750	49,106	47,784	1,322
Payroll Taxes, Retirement, and Group Insurance	15,332	9,684	8,836	1,028
Depreciation	7,000	-	-	-
Electricity	2,500	4,000	3,831	169
Animal Care Expense	5,400	5,400	7,372	(1,972)
Equipment Purchase	2,000	-	-	-
Equipment Expense	3,100	3,100	1,881	1,219
Insurance	3,550	3,550	3,117	443
Miscellaneous	9,550	11,362	12,068	(706)
Small Tools and Supplies	4,600	7,110	9,530	(2,420)
Total Animal Control	98,300	93,311	94,235	(924)
Fire:				
Salaries	844,226	854,291	847,687	6,544
Payroll Taxes, Retirement, and Group Insurance	135,985	135,880	237,821	(18,036)
Electricity	7,500	7,500	8,108	(608)
Legal and Professional	300	12,000	23,738	(11,738)
Depreciation	25,000	-	-	-
Equipment Purchase	3,000	-	-	-
Equipment Expense	23,000	30,000	15,504	1,496
Insurance	60,641	81,380	121,106	(39,686)

(CONTINUED)

**CITY OF DUNHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Safety (Continued):				
Fire (Continued):				
Membership Fees and				
Educational Training	12,500	12,500	5,193	7,307
Miscellaneous	2,428	5,195	3,277	1,918
Printing, Postage and				
Office Supplies	1,800	1,800	802	998
Repairs and Maintenance	12,000	13,180	6,528	6,651
Small Tools and Supplies	43,200	31,600	11,785	30,115
Telephone	6,000	6,000	6,552	(552)
Uniforms	7,500	7,500	5,677	1,823
Total Fire	1,415,072	1,323,088	1,311,799	12,087
Police:				
Salaries	1,475,088	1,571,278	1,352,646	18,632
Payroll Taxes, Retirement, and Group Insurance	432,801	401,880	382,546	9,514
Depreciation	200,000	-	-	-
Electricity	30,000	24,000	20,870	3,930
Equipment Purchased	25,000	199,000	81,799	57,201
Equipment Expense	119,000	121,000	123,173	(173)
Equipment Rental	4,500	4,500	1,412	3,088
Insurance	141,512	140,512	99,131	42,381
Jail Expense	1,000	1,000	-	1,000

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 1960

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Public Safety (Continued):				
Police (Continued):				
Membership Fees and				
Educational Training	25,000	25,000	12,314	10,686
Miscellaneous	25,450	29,158	23,825	6,123
Printing, Postage and				
Office Supplies	12,800	14,500	11,440	3,057
Professional Fees	5,500	10,000	20,924	(10,924)
Repairs and Maintenance	31,000	27,500	24,328	3,172
Small Tools and Supplies	4,000	18,000	28,854	(10,854)
Telephone	14,900	28,000	25,563	(3,263)
Uniforms	23,000	22,800	12,190	10,610
Total Police	2,569,049	2,579,300	2,425,238	154,062
Liability Control:				
Salaries	-	13,806	13,306	499
Payroll Taxes, Retirement,				
and Group Insurance	-	3,672	3,365	307
Insurance	-	2,000	861	1,139
Equipment Purchases	-	4,500	4,248	256
Legal and Professional	-	1,000	3,177	(2,177)
Miscellaneous	-	1,900	746	1,154
Equipment Expense	-	2,000	1,431	1,569
Small Tools and Supplies	-	5,000	4,820	180
Telephone	-	500	590	110
Total Liability Control	-	35,788	32,491	3,297
Total Public Safety	4,083,521	4,034,279	3,863,733	167,522

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Highway and Streets:				
Streets:				
Salaries	580,641	580,641	496,693	3,948
Payroll Taxes, Retirement, and Group Insurance	162,209	132,148	133,642	3,906
Depreciation	95,000	-	-	-
Electricity	3,800	3,800	11,023	(8,023)
Equipment Purchased	15,800	37,300	37,675	25
Equipment Expense	96,900	96,875	90,848	9,025
Equipment Rental	20,000	24,000	22,534	1,466
Insurance	69,188	69,188	58,761	10,347
Uniforms	10,000	10,000	19,152	(1,521)
Legal and Professional	1,000	3,200	5,470	(3,270)
Streets Maintenance and Materials	79,000	100,000	98,476	1,524
Miscellaneous	13,250	18,750	14,285	4,465
Small Tools and Supplies	10,000	22,000	16,722	5,278
Telephone	8,000	7,000	6,875	127
Total Streets	<u>1,084,904</u>	<u>1,051,422</u>	<u>1,083,146</u>	<u>28,276</u>
Lighting:				
Electricity	<u>107,000</u>	<u>107,000</u>	<u>94,281</u>	<u>32,719</u>
Total Lighting	<u>107,000</u>	<u>107,000</u>	<u>94,281</u>	<u>32,719</u>
Total Highways and Streets	<u>1,191,904</u>	<u>1,158,422</u>	<u>1,087,427</u>	<u>90,995</u>

(CONTINUED)

**CITY OF DENHAM SPRINGS
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Health:				
Depreciation	10,000	-	-	-
Council on Aging	18,500	18,500	14,897	4,603
Denham Spring Housing Authority	2,650	2,650	2,376	274
Youth and Family Counseling	12,000	12,000	11,295	705
Total Health	43,150	33,150	27,768	5,382
Culture and Recreation:				
Salaries	26,898	26,898	15,133	11,765
Payroll Taxes, Retirement, and Group Insurance	8,597	8,597	9,200	9,384
Committee Expenses	5,000	5,000	3,657	1,343
Equipment Rental	2,400	2,400	389	2,011
Insurance	1,137	1,137	1,023	34
Membership Fees and Educational Training	4,900	4,900	1,733	3,167
Printing, Postage and Office Supplies	8,050	8,050	4,408	3,642
Telephone	1,800	1,800	1,321	479
Travel	1,250	1,250	1,902	652
Total Culture and Recreation	60,132	60,132	32,891	27,241

(CONTINUED)

CITY OF DENHAM SPRINGS
GENERAL FUNDSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2003

	Budgeted Amounts		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Payments to Component Units	62,580	62,508	64,815	(2,307)
Total Expenditures	6,899,682	7,019,831	6,896,428	123,403
Excess (Deficiency) of Revenues Over Expenditures	(917,388)	(477,454)	134,028	611,480
Other Financing Sources (Uses):				
Transfers Out	(600,347)	(351,735)	(531,358)	-
Sale of Assets	38,800	20,000	8,163	(13,837)
Net Change in Fund Balances	(1,478,935)	(1,809,209)	(411,590)	997,643
Fund Balance at Beginning of Year	2,956,216	2,956,216	2,956,216	-
Fund Balance at End of Year	\$ 1,477,281	\$ 1,147,007	\$ 2,544,626	\$ 397,619

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAMSPRINGS
CAPITAL PROJECTS FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (GAAP BASIS) AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Real Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	\$ -	\$ -	\$ 8,622	\$ 8,622
State Grants	<u>1,145,850</u>	<u>178,326</u>	<u>152,771</u>	<u>(23,555)</u>
Total Revenues	1,145,850	178,326	161,393	(14,933)
Expenditures:				
Construction Costs and Related Expenditures	<u>3,705,603</u>	<u>1,657,320</u>	<u>823,683</u>	<u>233,637</u>
Total Expenditures	<u>3,705,603</u>	<u>1,657,320</u>	<u>823,683</u>	<u>233,637</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,559,753)	(880,994)	(662,290)	218,704
Other Financing Sources:				
Transfer In	<u>681,243</u>	<u>676,750</u>	<u>551,758</u>	<u>(133,690)</u>
Net Change in Fund Balances	42,894	(204,239)	(110,532)	93,704
Fund Balance at Beginning of Year	<u>355,662</u>	<u>789,662</u>	<u>355,662</u>	-
Fund Balance at End of Year	<u>\$ 411,136</u>	<u>\$ 584,823</u>	<u>\$ 675,532</u>	<u>\$ 93,704</u>

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

STATEMENT OF NET ASSETS

JUNE 30, 2003

	<u>Business-Type Activities - Utility Enterprise Fund</u>	<u>Governmental Activities - Meter Pool Internal Service Fund</u>
Current Assets:		
Cash and Cash Equivalents	\$ 330,314	\$ 53,294
Investments:		
Certificates of Deposit - (Maturity Greater than 90 Days)	1,441,963	-
Receivables:		
Accounts (Net of Allowance for Uncollectible Accounts of \$65,806)	217,736	-
Other	13,604	63
Unbilled Utility Sales	254,368	-
Due from Other Funds	<u>125,000</u>	<u>-</u>
	610,708	63
Inventory, at Cost	181,699	10,730
Prepaid Expenses	<u>7,091</u>	<u>-</u>
Total Current Assets	2,490,765	66,087
Noncurrent Assets:		
Restricted Assets:		
Certificate of Deposit - Customer Deposit Account (Maturity Greater Than 90 Days)	<u>535,000</u>	<u>-</u>
Total Restricted Assets	535,000	-
Capital Assets, at Cost (Net of Accumulated Depreciation)	<u>13,444,380</u>	<u>13,886</u>
Total Assets	<u>\$ 18,473,145</u>	<u>\$ 79,973</u>

The accompanying notes constitute an integral part of this statement.

Exhibit C-1

	<u>Business-Type Activities - Utility Enterprise Fund</u>	<u>Governmental Activities - Motor Pool Internal Service Fund</u>
Current Liabilities (Payable from Current Assets)		
Accounts Payable	\$ 282,799	\$ 21,681
Accrued Salaries and Wages	48,822	-
Accumulated Unpaid Vacation	18,761	-
Environmental Assessment Liabilities - Current Portion	440,850	-
Other Current Liabilities	10,319	2,578
Bonds Payable - 1998 Series - Current Portion	218,183	-
Accrued Bond Interest	10,887	-
Total Current Liabilities (Payable from Current Assets)	<u>1,031,942</u>	<u>24,259</u>
Current Liabilities (Payable from Restricted Assets)		
Customers' Deposits	<u>297,802</u>	<u>-</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>297,802</u>	<u>-</u>
Noncurrent Liabilities		
Environmental Assessment Liabilities	35,000	-
Accumulated Unpaid Vacation	32,344	2,884
Bonds Payable (Net of Deferred Amount on Refunding)	<u>798,699</u>	<u>-</u>
Total Noncurrent Liabilities	<u>865,043</u>	<u>2,884</u>
Total Liabilities	<u>2,413,713</u>	<u>27,963</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	7,086,127	13,888
Unrestricted	<u>9,348,385</u>	<u>36,102</u>
Total Net Assets	<u>16,434,432</u>	<u>50,990</u>
Total Liabilities and Net Assets	<u>\$ 18,473,145</u>	<u>\$ 79,973</u>
Adjustment to reflect the consolidation of the Motor Pool Internal Service Fund Activities as they relate to the Utility Enterprise Fund		
Balance of Prior Year Allocation	(8,373)	
Current Year Allocation	<u>(8,269)</u>	
Net Assets of Business-Type Activities	<u>\$ 16,446,690</u>	

**CITY OF DENHAM SPENCER
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2001**

	Business-Type Activities - Utility Enterprise Fund	Governmental Activities - Motor Pool Internal Service Fund
Operating Revenues:		
Charges for Services	\$ 4,711,441	\$ 394,816
Total Operating Revenues	4,711,441	394,816
Operating Expenses:		
Personal Services and Benefits	1,804,308	71,867
Contractual Services	780,083	-
Cost of Materials	1,368,660	315,558
Utilities	210,300	218
Repairs and Maintenance	754,821	3,819
Supplies	308,604	4,991
Insurance	78,813	8,488
Depreciation	607,996	3,505
Environmental Assessment	523,800	-
Road Debt	16,800	-
Total Operating Expenses	5,989,290	489,346
Operating Loss	(1,265,849)	(14,530)
Nonoperating Revenues:		
Interest	49,940	658
Miscellaneous	38,158	110
Total Nonoperating Revenues	88,098	768
Nonoperating Expenses:		
Interest	56,402	-
Amortization of Bond Costs	11,229	-
Total Nonoperating Expenses	67,631	-
Income Before Contributions	(1,265,962)	(13,714)
Capital Contributions - Impact Fees	45,698	-
Change in Net Assets	(1,220,264)	(13,714)
Total Net Assets at Beginning of Year		69,719
Total Net Assets at End of Year		\$ 56,000
Some amounts reported for business-type activities in the Statement of Activities (Exhibit A-2) are different because a portion (4474) of the net expense of the Motor Pool Internal Service Fund is reported with business-type activities.		
	18,169	
Change in Net Assets of Business-Type Activities	\$ (1,228,663)	

The accompanying notes constitute an integral part of this statement.

**CITY OF DENHAM SPRINGS
PROPRIETARY FUNDS**

Exhibit C-3

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2003

	Business-Type Activities - Utility Enterprise Fund	Governmental Activities - Water Pool Internal Service Fund
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 4,664,793	\$ 393,721
Cash Payments to Suppliers for Goods and Services	(3,345,121)	(308,375)
Cash Payments to Employees for Services and Benefits	(1,390,370)	(71,286)
Other Receipts (Payments)	(44,770)	123
Net Cash Provided by (Used in) Operating Activities	(115,568)	14,963
Cash Flows From Capital and Related Financing Activities:		
Acquisition and Construction of Capital Assets	(263,892)	(4,893)
Restricted Assets	(76,800)	-
Net Receipts from Customer Deposits	21,434	-
Principal Paid on Revenue Bonds	(227,944)	-
Capital Contributions	45,660	-
Interest Paid on Revenue Bonds	(56,403)	-
Net Cash Used in Capital and Related Financing Activities	(558,045)	(4,893)
Cash Flows From Investing Activities:		
Proceeds from Sales and Maturities of Investments	471,838	-
Interest Income	49,560	688
Net Cash Provided by Investing Activities	521,398	688
Net Decrease in Cash and Cash Equivalents	(144,815)	10,758
Cash and Cash Equivalents - Beginning of Year	475,132	44,564
Cash and Cash Equivalents - End of Year	\$ 330,314	\$ 55,294
Schedule of Noncash Investing, Capital and Financing Activities:		
Accrualization of Deferred Bond Expense	\$ 11,229	-

(CONTINUED)

CITY OF BENHAM SPRINGS
PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Utility Enterprise Fund	Governmental Activities - Motor Pool Internal Service Fund
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating Loss	\$ (1,286,849)	\$ (14,524)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	687,958	3,315
Provision for Bad Debts	16,608	-
Miscellaneous Revenues	78,558	135
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(58,622)	-
(Increase) Decrease in Other Receivables	18,677	43
(Increase) Decrease in Unbilled Utility Sales	(23,803)	-
(Increase) Decrease in Due from Other Funds	(97,773)	864
(Increase) Decrease in Due from Government Agencies	9,645	-
(Increase) Decrease in Inventory	23,115	13,471
(Increase) Decrease in Prepaid Expenses	(1,085)	-
Increase (Decrease) in Accounts Payable	151,302	12,182
Increase (Decrease) in Retainage Payable	(25,639)	-
Increase (Decrease) in Accrued Salaries and Wages	11,808	-
Increase (Decrease) in Other Current Liabilities	(5,822)	328
Increase (Decrease) in Accrued Bond Interest	(4,285)	-
Increase (Decrease) in Environmental Assessment Liabilities	499,550	-
Increase (Decrease) in Accumulated Unpaid Vacation	2,435	(869)
Net Cash Provided by (Used in) Operating Activities	\$ (113,368)	\$ 14,963

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2003

(E) Summary of Significant Accounting Policies -

A. Financial Reporting Entity

The City of Denham Springs "the City" was incorporated May 8, 1903, under the provisions of R.S. 33:121-48. The City operates under a Mayor - City Council form of government and provides the following services as authorized by its charter: public safety (police, animal control, and fire), highways and streets, health and social services, subsequence, education, public improvements, planning and zoning, and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs, Louisiana, and its component units, entities for which the City of Denham Springs is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Each discretely-presented component unit has a June 30, 2003 year end.

The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and the City Council), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

- I. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/or

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

- b. The potential for the organization to provide specific financial benefits to or impose special financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Denham Springs (the primary government) and its component units. The component units included in the accompanying financial statements are discretely presented.

BLENDED COMPONENT UNITS

There are no component units that have been determined by management to be reported as part of the primary government (blended) in the government-wide financial statements of the City of Denham Springs.

DISCRETELY PRESENTED COMPONENT UNITS

Component units that are legally separate from the City but are financially accountable to the City, or whose relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete are discretely presented. The component units columns of the government-wide financial statements include the financial data of these discretely presented component units. They are reported in a separate column to emphasize that they are legally separate from the City.

Funding for the following state constitutionally defined agencies is included in the City's general fund. These officials however, have certain statutorily defined sources of funds for their own operating and/or capital budget discretion. These funds have been discretely presented in the City's government-wide financial statements:

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2000

City Court of Denham Springs - Ward II - The Judge of the Court is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the City Court in that the City is required to provide the City Court office facilities and the City pays a portion of the Judge's compensation, and reimburses the Court for certain other salaries and benefits. The City's government-wide financial statements discretely presents the City Court of Denham Springs - Ward II's financial statements for the year ended June 30, 2000.

Marshal of City Court of Denham Springs - Ward II - The Marshal is an elected official provided by the Louisiana State Constitution. Fiscal interdependency exists between the City and the Marshal in that the City is required to provide the Marshal's office facilities, and reimburses the Marshal's office for certain other salaries and benefits. The City's government-wide financial statements discretely presents the Marshal's financial statements for the year ended June 30, 2000.

RELATED ORGANIZATIONS

City officials are also responsible for appointing members of the board of another organization. The City's accountability does not extend beyond making the appointments.

Denham Springs Housing Authority - The Denham Springs Housing Authority is a legally separate government entity formed to administer housing programs funded by the U.S. Department of Housing and Urban Development (HUD). The City governing authority appoints a majority of the Authority's members; however, there is no financial relationship between the Authority and the primary government.

The Denham Springs Parks and Recreation District #3 of Livingston Parish is a related organization of the City, however the City officials have no responsibility for the District. The District does however include the geographic area of the City.

Denham Springs Parks and Recreation District (PARC) - PARC is a legally separate parish agency that provides parks and recreational services to the residents of Livingston Parish District #3. District #3 includes the geographic area within the City of Denham Springs.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

PARO sets its own ad valorem tax, can incur debt and owns property. The City has no budget approval, management designation or commission member removal powers. PARO finances capital and operating budgets directly from the parish constituents within District #3, and has no financial benefit/burden relationship with the City of Denham Springs.

The following agency is a non-profit corporation established pursuant to State Statutes to finance debt for various public purposes within Livingston Parish. The City Council appoints the board members of the agency. The agency is fiscally independent from the City, issues its own debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City is not obligated in any manner for the debt issues of this agency.

Denham Springs/Livingston Housing and Mortgage
Finance Authority

Complete financial statements for each of the City of Denham Springs component units and related organizations can be obtained at the Office of the Legislative Auditor of the State of Louisiana, 1600 North Third Street, P.O. Box 94397, Baton Rouge, LA 70804-8397, or at each of the agencies administrative offices.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other income not properly included among program revenues are reported instead as general revenues.

CITY OF DEBHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2000

The capital projects fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by business-type/proprietary funds).

The City reports the following major proprietary fund:

The utility enterprise fund accounts for the provision of gas, water, sewer and sanitation services to the residents of the City of Denham Springs and some residents of the parishes of Livingston and East Baton Rouge. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

Additionally, the City reports the following fund types:

The internal service fund accounts for services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

The debt service fund accounts for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. There are no debt service major funds.

The permanent fund accounts for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's program.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that these standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's utility fund and of the City's internal service funds are charges to customers for sales and services. The City also recognizes nonoperating revenue for portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments -

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments, with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments (certificates of deposit with original maturities greater than 90 days) are stated at cost.

Deposit and investment policies of the component units are similar to those of the primary government.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

2. *Receivables and Payables -*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. At June 30, 2003, there were no advances between funds.

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on aging and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to three percent of the current year property tax less plus one hundred percent of any unpaid prior year tax at June 30, 2003.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

3. *Inventories and Prepaid Items -*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

CITY OF BENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

4. Restricted Assets -

Certain proceeds and resources of the City's Utility Enterprise Fund are set aside to reimburse customers their utility deposits upon discontinuance of service.

Restricted assets at June 30, 2003 are comprised of certificates of deposits with maturities greater than 90 days when purchased.

5. Capital Assets -

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested proceeds over the same period.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	15 - 20
Building Improvements	10 - 20
Public Domain Infrastructure	50
System Infrastructure	20 - 50
Equipment	5 - 10

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

6. *Compensated Absences -*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the governmental-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. *Long-Term Obligations -*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. *Fund Equity -*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

9. **Post-Employment Health Care Benefits -**

Retiree Benefits -

In addition to the pension benefits described in Note 11, the City provides postretirement healthcare benefits to all employees who retire from the City, as per the requirements of a local ordinance. The group insurance is paid by the City and reimbursed by the retired employee. There is no associated cost to the City under this program, and there are only nine (9) participants in the program as of June 30, 2003.

Cobra Benefits -

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides healthcare benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid by the City and reimbursed by the insured. This program is offered for a duration of eighteen (18) months after the termination date. There is no associated cost to the City under this program, and as June 30, 2003, there are no participants in the program.

10. **Use of Estimates -**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America involves the use of estimates that affect the financial statements. Accordingly, actual results could differ from these estimates.

(12) **Stewardship, Compliance and Accountability -**

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, except the Debt Service Fund and the Cemetery Care Permanent Fund which are not budgeted. All annual appropriations lapse at fiscal year end.

CITY OF BENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Treasurer prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

Activities of the General Fund and the Capital Project Fund are included in the annual appropriated budget. The City is not required to prepare and does not prepare an annual appropriated budget for its Debt Service Fund, Enterprise Fund, Internal Service Fund or Cemetery-Care Permanent Fund.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers within a department. Transfers of appropriations between departments requires the approval of the City Council. The legal level of budgetary control is the department level. Any increase in departmental budgets must be approved by the City Council.

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

Budgeted amounts are as originally adopted, or as amended from time to time by the City Council. For the fiscal year ended June 30, 2003, the City Council approved the increase in the original expenditures and Transfers Out of the General Fund from \$7,580,899 to \$7,571,586.

The total General Fund increase amounted to \$10,687. The General Fund budget was increased by \$74,562 due to the creation of the Landscaping Department, by \$34,758 due to the creation of the Literacy Control Department, by \$192,117 for additional equipment purchases, by \$38,819 for additional legal and professional services, by \$29,725 for increases in repairs and maintenance costs, by \$32,836 for increased purchases of small tools and supplies, by \$21,800 for increased street maintenance materials and by \$94,470 for various other miscellaneous expenditures of the general fund while there was a decrease in the budget of \$49,462 for a reduction in required funding for various capital projects, by \$14,323 for a net reduction in salaries and benefits in the various departments, and finally a reduction of \$485,800 for depreciation expense and contingencies originally budgeted.

Budgetary data for the discretely presented component units are not presented in these financial statements.

(5) Deposits and Investments -

The City has established a consolidated bank account with a local bank into which monies are deposited and from which all disbursements are now being made. The purpose of the consolidation account is to reduce administrative charges and provide a single cash balance available for the maximization of investment earnings. Each fund shares in the investment earnings of the consolidated account according to its average cash balance. Cash is transferred from those funds with available cash resources to cover any negative cash balances, if any, in other funds at year-end.

The City also invests all excess funds in certificates of deposits, which have maturity dates greater than 90 days when purchased, and are therefore classified as investments for financial reporting.

The discretely presented component units maintain deposit accounts and investments in certificates of deposits similar to the Primary Government.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2009

A. Deposits - Primary Government

City deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2009, for the primary government of the City of Denham Springs are summarized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1	\$5,041,049	\$5,247,949
Category 2	-	-
Category 3	<u>1,200</u>	<u>-</u>
Total	<u>\$5,042,249</u>	<u>\$5,247,949</u>
Balance Sheet Classification:		
Cash and Cash Equivalents	\$1,343,750	\$1,748,490
Investments (Certificates of Deposit with Maturities of Greater than 90 Days)	2,964,456	2,964,456
Restricted Assets:		
Investments (Certificates of Deposit with Maturities of Greater than 90 Days)	<u>535,000</u>	<u>535,000</u>
	<u>\$5,042,249</u>	<u>\$5,247,949</u>

The City's bank balances at June 30, 2009, are categorized into three levels of credit risk. Category 1 includes bank balances which are insured or collateralized with securities held by the City or its agent in the City's name. Category 2 includes bank balances which are collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes bank balances which are uncollateralized, including any balances which are collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the City's name.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

B. Investments - Primary Government

The City is authorized by LRS 39:1211-1245 and 33-2855 to invest monies in the following:

1. United States Treasury Bonds
2. United States Treasury Notes
3. United States Treasury Bills
4. Obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds.
5. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana.
6. Fully collateralized repurchase agreements.
7. Fully collateralized interest-bearing checking accounts.
8. Mutual or Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States Government or its agencies.

At June 30, 2003, the City has only invested its excess funds in certificates of deposit with maturities of greater than 90 days. Therefore, these investments are included in Note 3A, above.

C. Deposits - Discretely Presented Component Units

The discretely presented component units are required to invest funds within the same state statutes as the primary government. Component unit deposits (including demand deposit accounts and all certificates of deposits) at June 30, 2003, are categorized below in three levels of credit risk as explained in section (a) of this note above:

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Bank Balance	Carrying Amount
City Court of Denham Springs - Ward II - Demand Deposits	\$433,729	\$ -	\$ -	\$433,729	\$421,581
Certificates of Deposits with Maturities Greater than 90 Days	<u>148,800</u>	<u>---</u>	<u>---</u>	<u>148,800</u>	<u>148,800</u>
Total City Court of Denham Springs - Ward II	582,529	-	-	582,529	570,381
Marshall of City Court of Denham Springs - Ward II - Demand Deposits	180,000	-	8,221	188,221	87,377
Certificates of Deposits with Maturities Greater than 90 Days	<u>40,581</u>	<u>---</u>	<u>---</u>	<u>40,581</u>	<u>40,581</u>
Total Marshall of City Court of Denham Springs - Ward II	<u>220,581</u>	<u>-</u>	<u>8,221</u>	<u>228,802</u>	<u>127,958</u>
Total Component Units	<u>\$723,100</u>	<u>\$ -</u>	<u>\$8,221</u>	<u>\$751,331</u>	<u>\$698,339</u>

Certificates of deposits with maturities greater than 90 days are classified on the Combined Balance Sheet as investments.

D. Deposits and Investments Summary

The following is a reconciliation of the carrying amount of deposits and investments to "Cash and Cash Equivalents", "Investments", and "Revised Assets Investments" on the Government-Wide Statement of Net Assets:

CITY OF BIRMINGHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

	Primary Government	Component Units	Total
Cash and Cash Equivalents:			
Deposits	\$1,541,593	\$316,497	\$1,858,090
Cash on Hand	<u>1,200</u>	<u>-</u>	<u>1,200</u>
Total Cash and Cash Equivalents	1,542,793	316,497	1,859,290
Investments:			
Certificates of Deposits with Maturities Greater than 90 Days	<u>2,864,456</u>	<u>189,581</u>	<u>3,154,037</u>
Total Investments	2,864,456	189,581	3,154,037
Restricted Assets - Investments:			
Certificates of Deposits with Maturities Greater than 90 Days	<u>\$35,000</u>	<u>-</u>	<u>\$35,000</u>
Total Restricted Assets-Investments	35,000	-	35,000
Fiduciary Amounts Not Included in Statement of Net Assets	<u>-</u>	<u>182,581</u>	<u>182,581</u>
Total Cash, Cash Equivalents and Investments at June 30, 2003	<u>\$5,042,249</u>	<u>\$698,659</u>	<u>\$5,740,908</u>

(4) **All Valorem Taxes -**

All valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenue from all valorem taxes are budgeted in the year billed.

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2003

The City's property taxes are now billed and collected by the Livingston Parish Tax Collector from information on assessed values received from the Livingston Parish Assessor's Office. The Tax Collector remits collections monthly to the City.

For the year ended June 30, 2003, taxes of 3.44 mills were levied on property with assessed valuations totaling \$48,325,488 and were dedicated to general purposes.

Total taxes levied were \$166,238. Taxes receivable at June 30, 2003, consisted of the following:

Taxes Receivable - Current Roll	\$ 5,188
Taxes Receivable - Prior Years	<u>6,759</u>
	11,947
Allowance for Uncollectible Taxes	<u>(11,288)</u>
	<u>\$ 659</u>

(5) Receivables -

Rates levied as of June 30, 2003, including the applicable allowances for uncollectible accounts, are as follows:

	Interest	Ad Valorem Taxes	Revenues	Franchise Taxes	Special Assessments	Unbilled Accounts	Unbilled Sales	Less: Allowance for Uncollectibles	Total - Net Receivable
Governmental Activities									
General Fund	\$ 5,880	\$ 11,483	\$ 10,012	\$ 134,349	\$ -	\$ 53,483	\$ -	\$ (1,288)	\$283,744
Nonmajor Governmental Funds	2,879	-	-	-	389	6,444	-	-	9,611
Internal Service Fund	80	-	-	-	-	-	-	-	80
Total Governmental Activities	8,839	11,483	10,012	134,349	389	62,945	-	(1,288)	313,715
Business Type Activities									
Utility Fund	8,621	-	-	-	-	518,668	154,368	(93,000)	687,709
Component Units									
City-County of Denham Springs - Ward II	1,203	-	-	-	-	482	-	-	1,685
Marshall of City-County of Denham Springs - Ward II	112	-	-	-	-	4,755	-	-	4,867
Total Component Units	1,315	-	-	-	-	5,237	-	-	6,552
	<u>\$18,754</u>	<u>\$ 11,483</u>	<u>\$ 10,012</u>	<u>\$ 134,349</u>	<u>\$ 389</u>	<u>\$284,274</u>	<u>\$254,368</u>	<u>\$ (1,662)</u>	<u>\$785,845</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

(6) Due From Other Governments -

Due from Other Governments as of June 30, 2003, consists of the following:

	Livingston Parish School Board	State of Louisiana	Livingston Parish	Ecoland	Other	Total
Governmental Activities:						
General Fund	\$621,176	\$ 12,078	\$176,128	\$ 16,157	\$ -	\$805,339
Majoror Governmental Funds	—	152,711	—	—	—	152,711
Total Governmental Activities	621,176	164,789	176,128	16,157	—	978,050
Business-Type Activities:						
Utility Fund	—	—	—	—	—	—
Component Units:						
City Court of Denham Springs - Ward II	—	—	—	—	—	—
Marshall of City Court of Denham Springs - Ward II	—	—	—	—	—	—
Total Component Units	—	—	—	—	—	—
	<u>\$621,176</u>	<u>\$164,789</u>	<u>\$176,128</u>	<u>\$ 16,157</u>	<u>\$ -</u>	<u>\$978,050</u>

(7) Interfund Receivables, Payables - Due (To) From Primary Government/Component Units - Transfers In, Transfers Out -

a. Balances due to/from other funds at June 30, 2003 consist of the following:

Due to: Utility Fund from the Capital Projects Fund for a portion of the construction of a water maintenance building to be shared with the Fire Department. Upon completion the water maintenance portion will be closed into the Enterprise Fund	\$(125,000)
Allocation of Motor Pool Internal Service Current Year Net Loss to Business-Type Activities	6,368
Allocation of Motor Pool Internal Service Prior Year Net Loss to Business-Type Activities	<u>6,371</u>
	<u>\$(112,259)</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

Summary of balances due from (to) other funds reported in fund financial statements and net internal balances as reported in the Statement of Net Assets:

	Due From Other Funds	Due (To) Other Funds	Allocation of Motor Pool Net Loan	Net Internal Balances
Balance Sheet - Governmental Funds	\$ -	\$ (125,000)	\$ -	\$ (125,000)
Statement of Net Assets - Governmental Activities Motor Pool Internal Service Fund				
Prior Year	-	-	6,373	6,373
Current Year	-	-	6,368	6,368
	-	(125,000)	12,741	(112,259)
Statement of Net Assets - Proprietary Fund	125,000	-	(12,742)	(12,742)
	<u>\$ 125,000</u>	<u>\$ (125,000)</u>	<u>\$ -</u>	<u>\$ -</u>

- b. Receivable and payable balances at year-end between the Primary Government and Component Units were as follows:

	Due (To)/From Primary Government	Due (To)/From Component Units
Primary Government: General Fund	\$ -	\$ 3,872
Component Units:		
City Court of Denham Springs - Ward II	-	-
Marshall of City Court of Denham Springs - Ward II	<u>3,872</u>	<u>-</u>
Total	<u>\$ 3,872</u>	<u>\$ 3,872</u>

(CONTINUED)

CITY OF BENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

- c. Interfund Transfers at June 30, 2003 consist of the following:

From the General Fund to the Capital Projects Fund	
to Fund Current and Future Capital Projects	\$ 551,755

Summary of transfers in and (out) reported in fund financial statements and net transfers in the Statement of Activities:

	Transfers In	Transfers Out	Net Transfers
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$551,755	\$551,755	\$ -

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

(B) Changes in Capital Assets -

Primary government capital asset activity for the year ended June 30, 2003 was as follows:

	Balance June 30, 2002	Additions Due to Appropriation	Additions	Deletions	Balance June 30, 2003
Governmental Activities					
Capital Assets not being Depreciated:					
Land	\$ 628,871	\$ -	\$ -	\$ -	\$ 628,871
Construction in Progress	20,134	-	680,281	1,138,810	20,134
Total Capital Assets not being Depreciated	648,995	-	680,281	1,138,810	910,466
Capital Assets being Depreciated:					
Buildings and Improvements	3,880,448	-	-	-	3,880,448
Infrastructure	2,860,870	88,796	178,677	-	3,128,343
Equipment	1,873,658	-	187,798	1,085,360	1,976,096
Total Capital Assets being Depreciated	6,614,976	88,796	366,475	1,085,360	6,944,907
Less: Accumulated Depreciation for:					
Buildings and Improvements	1,600,876	-	882,938	-	2,483,814
Infrastructure	770,688	28,770	122,474	-	921,932
Equipment	1,133,865	-	136,825	1,085,360	1,042,470
Total Accumulated Depreciation	3,505,429	28,770	1,142,237	1,085,360	4,711,156
Total Capital Assets being Depreciated, Net	3,109,547	60,026	224,238	-	2,233,751
Total Governmental Activities Capital Assets, Net	\$ 9,594,420	\$ 88,822	\$ 802,519	\$ 1,138,810	\$ 9,544,906
Business-Type Activities					
Capital Assets not being Depreciated:					
Land	\$ 129,370	\$ -	\$ -	\$ -	\$ 129,370
Construction in Progress	-	-	11,862	-	11,862
Total Capital Assets not being Depreciated	129,370	-	11,862	-	141,232
Capital Assets being Depreciated:					
Buildings and Improvements	144,347	-	3,091	-	147,438
Gas Systems	1,387,796	-	11,281	-	1,399,077
Water Systems	6,071,406	-	-	-	6,071,406
Sewer Systems	14,118,794	-	-	-	14,118,794
Equipment	1,205,613	-	268,862	271,280	1,193,195
Total Capital Assets being Depreciated	23,927,956	-	283,234	271,280	23,939,910

(CONTINUED)

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

Business-Type Activities (Continued)	Balance June 30, 2002	Additions/Debits Accumulation	Additions	Deletions	Balance June 30, 2003
Less: Accumulated Depreciation for:					
Building and Improvements	120,686	-	5,026	-	125,712
Gas Systems	2,220,796	-	26,680	-	2,247,476
Water Systems	5,595,676	-	144,774	-	5,740,450
Sewer Systems	3,120,608	-	282,713	-	3,403,321
Equipment	488,245	-	118,625	(32,188)	574,682
Total Accumulated Depreciation	9,405,911	-	467,028	(32,188)	9,840,751
Total Capital Assets being Depreciated, Net	14,632,509	-	(34,570)	(9,397)	14,558,442
Total Business-Type Activities Capital Assets, Net	\$12,738,134	\$ -	\$ (34,570)	\$ (9,397)	\$12,694,167

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities

General Government	\$ 82,876
Public Safety	248,758
Highway and Streets	228,188
	\$ 559,822

Capital Assets Held by Internal Service Funds are charged to the various functions based on their usage of the assets.

Total Depreciation Expense - Governmental Activities	\$ 589,681
------------------------------------------------------	------------

Business-Type Activities

Water	\$ 83,641
Gas	84,934
Sewer	316,471
Solidation	262,818

Total Depreciation Expense - Business-Type Activities	\$ 467,864
-------------------------------------------------------	------------

(CONTINUED)

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

Construction Commitments

The City has active construction projects as of June 30, 2003. The projects include the renovation of the "Old City Hall" building in downtown Denham Springs, the construction of a building on the South side of town and next to the Interstate to be utilized as an additional fire station and also as the Water Maintenance Department, and the construction of sidewalks down Marshall Lane. Each of these projects are being funded entirely by the City of Denham Springs, except that the sidewalk project will receive a State grant for \$325,000.

Project	Spent-to-Date	Remaining Commitment
Renovation of Old City Hall	\$ 84,673	\$ 385,325
Construction of Fire Station/ Water Dept. Building	200,158	448,842
Residential Street Construction - Koden Drive	4,469	235,531
Sidewalk Construction - Phase II - Marshall Lane	13,716	382,716
	<u>\$303,016</u>	<u>\$1,400,414</u>

In addition, the City is working with the State of Louisiana in an effort to ease traffic flow on State Highways through the City of Denham Springs. The project is referred to as the Range Road Corridor Project. The total cost of the project is estimated to be \$5,245,000 with the majority of the cost being reimbursed to the City from the State. These costs will not be capitalized as infrastructure costs, as the City of Denham Springs will not own these improvements. Costs incurred to date as Highways and Street expenditures amount to \$401,842.

A summary of changes in capital assets for component units is as follows:

City of Denham Springs - Ward II:

Governmental Activities	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Equipment:				
Copier	\$ 4,880	\$ -	\$ -	\$ 4,880
Telephone System	11,371	-	-	11,171
Furniture and Fixtures	19,118	-	-	19,118
Computer Equipment	91,243	2,375	-	93,728
Police Equipment	4,273	-	-	4,273
Leasehold Improvements	15,696	-	-	15,696
Other Equipment	<u>12,818</u>	<u>-</u>	<u>-</u>	<u>12,818</u>
Totals	158,901	2,375	-	160,876

(CONTINUED)

CITY OF BENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

City Court of Benham Springs - Ward II (Continued):

Governmental Activities	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Less: Accumulated Depreciation	<u>(116,714)</u>	<u>(12,200)</u>	<u>-</u>	<u>(128,914)</u>
Capital Assets, Net	<u>\$ 41,787</u>	<u>\$ (14,815)</u>	<u>\$ -</u>	<u>\$ 26,972</u>

Marshall of City Court of Benham Springs - Ward Two:

Office Equipment	\$ 23,268	\$ -	\$ -	\$ 23,268
Furniture and Fixtures	8,851	326	-	9,177
Machinery and Equipment	39,264	4,186	-	43,450
Vehicles	66,826	-	12,346	54,480
Leasehold Improvements	<u>4,411</u>	<u>-</u>	<u>-</u>	<u>4,411</u>
Totals	132,618	4,812	12,346	125,144
Less: Accumulated Depreciation	<u>(71,720)</u>	<u>(18,197)</u>	<u>(12,200)</u>	<u>(102,117)</u>
Capital Assets, Net	<u>\$ 60,898</u>	<u>\$ (13,385)</u>	<u>\$ -</u>	<u>\$ 47,513</u>

(9) Long-Term Liabilities -

Revenue Bonds. The City issues bonds when it pledges income derived from the acquired or constructed assets to pay debt services. Revenue bonds outstanding at June 30, 2003, are as follows:

Description/Purpose	Original Issue Amount	Interest Rate	Final Maturity	Balance June 30, 2003
Business-Type Activities				
1998 Utility Revenue Refunding Bonds - Proceeds Used to Advance Refund Prior Revenue Bonds	<u>\$1,712,505</u>	<u>7.50%</u>	<u>04-01-2036</u>	<u>\$614,933</u>

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

Revenue bond debt service requirements to maturity, including interest requirements, are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$228,310	\$ 44,278	\$272,588
2005	225,479	37,764	263,243
2006	180,148	31,536	211,684
Total Revenue Bonds	\$634,937	\$ 83,578	\$718,515

The City of Denham Springs issued \$1,712,500 of 1998 Utility Revenue Refunding Bonds dated July 07, 1998. These bonds along with monies from the 1988 Sinking, Reserve, and Contingency accounts were used to advance refund the 1989 Utility Revenue Refunding Bonds. The bonds are payable solely from revenues derived from the Enterprise Fund.

The Sinking Fund, Reserve Fund, and Contingency Fund requirements of the 1989 bond were eliminated with the issuance of the 1998 bonds.

Prior Year Bond Delinquency: There are no outstanding balances on any prior-year bond delinquency as of June 30, 2003.

Changes in Long-Term Debt: Long-term liability activity for the year ended June 30, 2003 is as follows:

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

	Balance June 30, 2002	Additions	Reductions	Balance June 30, 2003	Due Within One Year
Governmental Activities:					
1995 Certificate of Indebtedness	\$ 13,321	\$ -	\$ 13,321	\$ -	\$ -
Compensated Absences	312,220	-	13,822	304,198	76,690
Governmental Activity Long-Term Liabilities	<u>\$325,541</u>	<u>\$ -</u>	<u>\$ 26,343</u>	<u>\$ 304,198</u>	<u>\$ 76,690</u>
Business-Type Activities:					
1996 Utility Revenue Refunding Bond	\$842,877	\$ -	\$227,944	\$ 614,933	\$228,318
Less: Deferred Amount on Refunding	(44,234)	-	(18,228)	(34,946)	(13,117)
Total Bonds Payable	804,603	-	218,713	584,888	218,193
Environmental Assessment Liabilities	-	\$25,000	29,990	499,090	440,090
Compensated Absences	40,892	7,432	-	43,122	18,781
Business-Type Activities Long-Term Liabilities	<u>\$842,295</u>	<u>\$32,432</u>	<u>\$246,663</u>	<u>\$1,123,062</u>	<u>\$669,034</u>

The internal service fund serves predominantly the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$2,894 of compensated absences for the internal service fund is included in the above amounts.

(10) Customers' Deposits -

Meter deposits are paid by customers upon application for utility services and are returnable to them upon termination of service. Receipts from meter deposits are deposited in the Utility Operating Fund and refunds of deposits on termination of service are made from the same account.

The City has a certificate of deposit which is designated specifically for Customers' Deposits. At June 30, 2003, customers' deposits amounted to \$535,838 and the balance of the certificate of deposit amounted to \$535,000 and is included as a Restricted Asset on the Statement of Net Assets.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

(II) Retirement Commitments -

A. Plan Descriptions, Contribution Information, and Funding Policies

Substantially all employees of the City of Denham Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are multiple employer (cost-sharing), public employee retirement systems (PERSs), controlled and administered by separate boards of trustees. Pertinent information relative to each plan follows:

The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Eligibility to Participate	All permanent employees working at least 35 hours per week, not covered by another pension plan, and under age 65 at date of employment and are paid wholly or in part from City funds; all elected municipal officials are also eligible to participate; all employees of the City are members of Plan B.	All full-time police department employees engaged in law enforcement are required to participate in the System.	Mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System.
Authority Establishing Contribution Obligations and Benefits	State Statute	State Statute	State Statute

(CONTINUED)

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

	<u>Municipal Employers Retirement System of Louisiana</u>	<u>Municipal Police Employers Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Plan Members/ Contribution Rate (Percent of Covered Payroll)	5.00%	7.50%	8.00%
City's Contri- bution Rate (Percent of Covered Payroll)	6.25%	8.00%	9.00%
Period Required to Vest	10 years	12 years	12 years
Benefits and Eligibility for Distribu- tion (Full-Time)	At or after age 60 with at least 10 years of creditable service or at or after 55 with at least 20 years of creditable service, 2% of final average salary multiplied by the years of creditable service; at least 10 years but less than 20 years of creditable service, may take early retirement benefits reduced 5% for each year retirement pre- cedes age 60; in any case monthly retirement benefits can not exceed 100% of final average salary	25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55, 3 1/3% of average salary multiplied by the years of credita- ble service not to exceed 100% of final salary; early retire- ment, 20 years of service regardless of age, 3 1/3% of average salary multiplied by creditable service actuarially reduced for retirement prior to age 50.	20 years or more of creditable service and attained age 50 or 12 years of service and age 55 or 25 years of service at any age, 3 1/3% of average salary multiplied by the years of credita- ble service not to exceed 100% of final salary

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

	<u>Municipal Employees Retirement System of Louisiana</u>	<u>Municipal Police Employees Retirement System of Louisiana</u>	<u>Firefighters Retirement System of Louisiana</u>
Deferred Retirement Option	Yes, 30 years creditable service	Yes, 25 years of creditable service regardless of age or 30 years of creditable service and attaining the age of 50	Yes, after completing 20 years of creditable service
Provisions for: Cost of Living Adjustments (Normal Retirement)	Yes	Yes	Yes
Death (Duty, Non-Duty, Post Retirement)	Yes	Yes	Yes
Disability (Duty, Non-Duty)	Yes	Yes	Yes
Cost of Living Allowances	Yes	Yes	Yes

B. Trend Information -

Contributions required by State statute:

	<u>Municipal Employees Retirement System of Louisiana</u>		<u>Municipal Police Employees Retirement System of Louisiana</u>		<u>Firefighters Retirement System of Louisiana</u>	
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
1996	\$136,785	97%	\$189,528	100%	\$ 64,800	100%
1997	\$122,975	99%	\$121,368	100%	\$ 92,223	100%
1998	\$121,818	94%	\$138,803	100%	\$ 95,453	100%
1999	\$142,821	100%	\$142,899	100%	\$ 95,786	100%
2000	\$166,991	100%	\$162,093	100%	\$180,027	100%
2001	\$177,412	100%	\$176,186	100%	\$184,219	100%
2002	\$184,844	100%	\$177,653	100%	\$122,034	100%
2003	\$235,415	100%	\$182,630	100%	\$128,281	100%

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

Trend information showing the progress of the Systems in accumulating sufficient assets to pay benefits when due is presented in their annual financial reports. Copies of these reports may be obtained from the respective State retirement systems.

(12) Deferred Compensation Plan -

The City offers its employees a deferred compensation plan created in accordance with Louisiana Revised Statutes 42:1358 through 42:1368 and Section 457 of the Internal Revenue Code of 1954. The Louisiana Public Employees' Deferred Compensation Plan is available to all employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In accordance with the amended provisions of Internal Revenue Code Section 457 which were enacted into law in August 1986, all amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are solely the property and rights of the participants and their beneficiaries. As required by the amendment to the code, the City established a custodial account with a third party administrator who will hold the assets and income of the plan.

Under GASB Statement No. 33, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", governments who have no responsibility for the plan and are not formally considered the plan's trustee are not required to report the plan in its financial statements. Since the City's plan is held in a custodial account with a third party administrator, the assets and liabilities are not presented in the City's financial statements as of June 30, 2003.

Assets totaling \$180,934 are held by Great West Life & Annuity Insurance Company, a deferred compensation center.

Compensation deferred under this plan for the fiscal year ended June 30, 2003, amounted to \$27,325.

(13) Litigation -

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City of Denham Springs.

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

(14) Intergovernmental Revenue -

GAISS No. 24 requires government employees to disclose the amount recognized in the financial statements for on-behalf payments of salaries and fringe benefits.

Supplementary salary payments are made by the State of Louisiana directly to certain groups of the City's employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual certification made by the State. For the fiscal year ended June 30, 2003, the State paid supplemental salaries to the City's fire and law enforcement employees in the amount of \$179,788.

(15) Risk Management -

The City is exposed to various risks of loss related to torts (liability), damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City maintains commercial insurance for all risks of loss, including (1) Worker's Compensation, (2) Public Official Bonds and Employees Liability, (3) Business Auto Liability, (4) Umbrella coverage, (5) Law Enforcement Professional Liability, (6) Fire and Extended coverage and (7) Flood Insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(16) Mayor and Council Members' Compensation -

The following list includes the compensation paid to the Mayor and Council Members for the year ended June 30, 2003. The current terms of the Mayor and Council Members expire on December 31, 2006.

James Delane, Mayor	\$ 28,772
1980 4-H Club Road	
Denham Springs, Louisiana 70728	
Telephone: 601-8124	
Term Expires: December 31, 2006	

James E. Durbin, Mayor	\$ 25,648
417 Centerville Street	
Denham Springs, Louisiana 70726	
Telephone: 604-5802	
Term Expires: January 1, 2003	

(CONTINUED)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

(14) Mayor and Council Members' Compensation (Continued) -

James E. Durkin, Council Member 417 Centerville Street Denham Springs, Louisiana 70726 Telephone: 664-5803 Term Expires: December 31, 2003	\$ 3,800
Lori Leane-Williams, Council Member 535 Jackson Street Denham Springs, Louisiana 70726 Telephone: 664-4482 Term Begins: January 1, 2003	\$ 3,800
Sterling Vincent, Council Member Streets Commissioner 103 Carroll Street Denham Springs, Louisiana 70726 Telephone: 665-3465 Term Expires: December 31, 2003	\$ 3,800 \$ 6,942
George Minsien, Council Member 135 N. College Denham Springs, Louisiana 70726 Telephone: 665-4889 Term Begins: January 1, 2003	\$ 3,400
Arthur Perkins, Council Member 906 Hatchell Lane Denham Springs, Louisiana 70726 Term Begins: January 1, 2003	\$ 7,600
Brent Dugas, Council Member 1440 Cottonwood Drive Denham Springs, Louisiana 70728 Telephone: 665-3882 Term Expires: December 31, 2002	\$ 3,800
Robert Poole, Council Member 1402 Weeping Willows Drive Denham Springs, Louisiana 70726 Telephone: 665-4454 Term Begins: January 1, 2003	\$ 3,800

(CONTINUED)

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2003

(16) Mayor and Council Members' Compensation (Continued) -

Layton Hicks, Council Member	\$ 3,800
516 Jane Drive	
Denham Springs, Louisiana 70726	
Telephone: 665-7816	
Term Expires: December 31, 2002	
John Winsom, Council Member	\$ 3,800
522 Canterville Street	
Denham Springs, Louisiana 70726	
Telephone: 665-7007	
Term Begins: January 1, 2003	

(17) Subsequent Event -

The City of Denham Springs notified the Louisiana Department of Environmental Quality that it had inadvertently allowed its Louisiana Water Discharge Permit to expire May 8, 2001 and its Louisiana Pollutant Discharge Elimination System permit to expire May 31, 2001. Both permits are in connection with the City's wastewater facility. Subsequent thereto the State of Louisiana Department of Environmental Quality made an onsite inspection and found various violations of the aforementioned permits and issued a consolidated compliance order and notice of potential penalty. A revised order was issued February 28, 2002 and continued negotiations have occurred since that time. A settlement was reached on August 14, 2002 with the Louisiana Department of Environmental Quality. The City of Denham Springs will be required to expend approximately \$512,000 on various beneficial environmental projects outlined in the agreement as well as \$10,000 in penalties. The expected timeline of costs is as follows:

Fiscal Year Ending June 30	
2003	\$ 29,990
2004	440,000
2005	20,000
2006	20,000
2007	<u>12,000</u>
	<u>\$522,000</u>

At June 30, 2003, the City had already begun working on the requirements of the agreement and had spent \$29,990 towards the agreement. Therefore, the entire expense of \$522,000 has been included in these financial statements as Environmental Assessment Expense and the remaining balance owed of \$492,010 is included in the liabilities of the Enterprise Fund as Environmental Assessment Liability.

CITY OF DENTON SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

- (18) Schedule of Utility Enterprise Fund Net Income (Loss) from Operations
By Department for the Fiscal Year Ended June 30, 2003 :

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Operating Revenues:					
Charges for Services	\$12,536,110	\$1,089,187	\$ 526,281	\$ 531,889	\$ 14,683,467
Delinquent Charges	33,216	15,180	7,082	6,945	62,423
Miscellaneous	-	37,581	93	-	37,674
Total Operating Revenues	2,569,226	1,068,128	543,213	538,834	4,719,401
Operating Expenses:					
Direct	2,265,665	716,833	1,607,229	538,205	5,137,932
General and Administrative	306,940	260,218	321,187	61,321	949,566
Total Operating Expenses	2,572,605	976,943	1,928,416	599,526	5,998,290
Operating Income (Loss) by Department	(1,379)	85,285	(1,386,203)	(60,692)	(1,286,645)
Nonoperating Revenues	-	-	-	-	88,518
Nonoperating Expenses	-	-	(67,831)	-	(67,831)
Capital Contributions	-	-	43,666	-	43,666
Change in Net Assets					(1,220,292)
Allocation of Motor Pool Internal Service Net Loss	(1,800)	(2,489)	(2,079)	-	(6,368)
Business-Type Activities					
Departmental Net Income (Loss)	\$ 45,189	\$ 81,998	\$ (1,338,307)	\$ (60,792)	
Change in Net Assets Business-Type Activities					\$ (1,226,685)

CITY OF DENHAM SPRINGS

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

(19) Schedule of Utility Fund Operating Expenses by Department
for the Fiscal Year Ended June 30, 2003 -

	Gas Department	Water Department	Sewer Department	Sanitation Department	Total Utility Enterprise Fund
Direct Expenses:					
Natural Gas Purchases	\$ 1,369,065	\$ -	\$ -	\$ -	\$ 1,369,065
Direct Labor	429,448	324,251	264,472	-	918,171
Chlorinator Expense	-	17,223	-	-	17,223
Depreciation	85,641	184,934	316,471	20,900	607,946
Electricity	8,434	100,132	78,437	-	187,003
Environmental Assessment	-	-	523,800	-	523,800
Equipment Expenses	112,229	45,190	50,420	4,488	212,327
Equipment Rental	36,236	4,090	16,446	-	56,772
Lab Fees	-	-	23,342	-	23,342
Maintenance	158,754	68,024	123,901	-	350,679
Meter Reading	48,706	64,406	-	-	113,112
Meter Repairs	17,718	-	-	-	17,718
Small Tools and Supplies	21,394	7,750	15,848	353	45,345
Subcontract Disposal Service	-	-	-	312,354	312,354
	<u>2,265,665</u>	<u>716,603</u>	<u>1,613,229</u>	<u>318,363</u>	<u>5,137,332</u>
General and Administrative Expenses:					
Office Salaries	47,848	66,146	53,588	34,440	202,022
Payroll Taxes, Retirement and Group Insurance	118,703	80,206	75,278	7,834	282,018
Electricity	2,280	2,850	2,563	1,988	9,681
Ground Maintenance	-	1,138	-	-	1,138
Insurance	20,582	20,683	28,587	1,061	70,913
Miscellaneous	34,778	16,183	17,278	2,548	70,887
Office Expense	35,338	23,281	34,920	4,871	98,410
Professional Fees	23,686	34,993	15,866	5,821	79,366
Telephone	21,851	7,924	7,639	456	37,870
Bad Debt	3,752	5,187	4,368	2,781	16,090
	<u>386,940</u>	<u>260,510</u>	<u>235,187</u>	<u>61,331</u>	<u>943,968</u>
Total Operating Expenses	<u>\$ 2,652,605</u>	<u>\$ 977,113</u>	<u>\$ 1,848,416</u>	<u>\$ 379,694</u>	<u>\$ 5,887,821</u>

CITY OF DENHAM SPRINGS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2003

**(B) Schedule of Utility Enterprise Fund Operating Expenses by
Function for the Fiscal Year Ended June 30, 2003 -**

Personal Services and Benefits:	
Direct Labor	\$ 918,171
Office Salaries	204,028
Payroll Taxes, Retirement and Group Insurance	<u>282,168</u>
	1,404,368
Contractual Services:	
Chemistries Expense	17,223
Equipment Rental	26,790
Lab Fees	23,347
Meter Reading	111,283
Subcontract Disposal Service	582,334
Professional Fees	<u>78,966</u>
	789,082
Cost of Materials:	
Natural Gas Purchases	1,268,045
Utilities:	
Electricity (Direct)	187,823
Electricity (General)	9,407
Telephone	<u>37,180</u>
	234,410
Repair and Maintenance:	
Equipment Expenses	215,287
Maintenance	598,679
Meter Repair	17,718
Ground Maintenance	<u>1,138</u>
	784,822
Supplies:	
Small Tools and Supplies	45,117
Office Expense	80,411
Miscellaneous	<u>79,886</u>
	205,414
Insurance	
	76,813
Depreciation	
	607,856
Environmental Assessment	
	325,080
Bad Debts	
	<u>16,000</u>
Total Operating Expenses	<u><u>\$ 5,958,299</u></u>

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

1994 Paving Certificates Debt Service Fund - This fund is used to account for the collection of a special assessment on the property owners of the Lakeland Acres Subdivision. The proceeds of such collections to be used to make annual payments on the 1994 Paving Certificates of Indebtedness issued for the benefit of the property owners of the Lakeland Acres Subdivision.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

Cemetery Care (Permanent Fund) - This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the City's cemetery.

CITY OF BENHAM SPRINGS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2003

	1994 Paving Certificates Debt Service Fund	Cemetery Care Fondamental Fund	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 2,643	\$ 84,562	\$ 87,205
Investments, at Cost	-	410,000	410,000
Receivables (Net of Allowance for Uncollectibles):			
Special Assessments	389	-	389
Other	21	1,826	1,851
Total Assets	<u>\$ 3,053</u>	<u>\$ 496,392</u>	<u>\$ 499,445</u>
LIABILITIES AND FUND BALANCES			
Deferred Revenues	\$ 389	\$ -	\$ 389
Total Liabilities	<u>389</u>	<u>-</u>	<u>389</u>
Fund Balance:			
Reserved for Cemetery Expenditures	-	496,392	496,392
Unreserved:			
Undesignated	<u>2,664</u>	<u>-</u>	<u>2,664</u>
Total Fund Balance	<u>2,664</u>	<u>496,392</u>	<u>499,056</u>
Total Liabilities and Fund Balance	<u>\$ 3,053</u>	<u>\$ 496,392</u>	<u>\$ 499,445</u>

The accompanying notes constitute an integral part of this statement.

CITY OF BENILAM SPRINGS

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2003

	1994 Paving Certificates Debt Service Fund	Cemetery Care Permanent Fund	Nonmajor Governmental Funds
Revenues:			
Special Assessments	\$ 2,894	-	\$ 2,894
Interest	334	8,951	9,285
Miscellaneous	-	11,080	11,080
Total Revenues	3,228	19,931	23,179
Expenditures:			
Current:			
General Government	712	-	712
Debt Service			
Principal Retirement	13,321	-	13,321
Interest	779	-	779
Total Expenditures	14,812	-	14,812
Net Change in Fund Balance	(11,578)	19,931	8,333
Fund Balances at Beginning of Year	14,242	475,441	490,683
Fund Balances at End of Year	\$ 2,664	\$ 495,372	\$ 499,016

The accompanying notes constitute an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY SOURCE

JUNE 30, 2003

Governmental Funds Capital Assets:

Land	\$ 628,671
Land Improvements	38,365
Buildings	3,764,597
Equipment	3,116,788
Infrastructure	3,324,488
Construction in Progress	<u>285,018</u>
Total General Fixed Assets	<u>\$ 11,178,487</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund Revenues	\$ 3,693,081
Federal Revenues and Federal Grants	308,632
Deeded Infrastructure	620,558
Capital Improvement Funds:	
City's Share of Cost:	
General Fund	3,824,728
Federal Revenue Sharing	250,482
Federal Grants	614,577
State Grants	<u>1,812,099</u>
Total Investment in General Fixed Assets	<u>\$ 11,178,487</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

JUNE 30, 2003

Function and Activity	Improvements		
	Land	Other Than Buildings	Buildings
General Government:			
General Government Buildings	\$ 413,438	\$ 13,990	\$ 1,578,500
Administration	-	-	-
Clerical	2,600	11,002	10,513
Tax	-	-	-
Planning and Development	-	-	-
Public Service Workers	-	-	18,847
Landscape	-	-	-
Total General Government	416,038	24,992	1,599,460
Public Safety:			
Animal Control	1,500	4,660	81,603
Fire	8,750	-	232,425
Police	201,402	8,953	1,473,445
Litter Control	-	-	-
Total Public Safety	211,652	13,613	1,785,473
Highways and Streets:			
Streets	-	-	5,174
Health:			
Council on Aging	-	-	376,890
Total Governmental Funds Capital Assets Allocated to Functions	\$ 628,671	\$ 38,565	\$ 3,764,997

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

The accompanying notes constitute an integral part of this statement.

<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Total</u>
\$ -	\$ -	\$ 2,007,899
165,092	-	165,092
29,532	-	52,637
2,199	-	2,199
20,308	-	20,308
13,253	-	21,900
<u>18,218</u>	<u>-</u>	<u>18,219</u>
246,393	-	2,288,244
23,341	-	811,234
889,689	-	1,844,334
1,076,039	-	2,761,919
<u>34,330</u>	<u>-</u>	<u>24,330</u>
1,917,409	-	3,941,727
642,606	3,324,498	4,272,578
-	-	378,898
<u>\$ 3,116,708</u>	<u>\$ 3,324,498</u>	<u>6,873,439</u>
Construction in Progress		<u>385,038</u>
		<u>\$ 11,178,487</u>

CITY OF DENHAM SPRINGS

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

FOR THE YEAR ENDED JUNE 30, 2003

Function and Activity:	Governmental Funds Capital Assets 7/1/02	Transfers	Additions	Deductions	Governmental Funds Capital Assets 6/30/03
General Government					
General Government Buildings	\$ 1,807,888	\$ -	\$ -	\$ -	\$ 1,807,888
Administration	115,866	35,732	48,580	17,046	183,082
Cemetery	44,587	(1,430)	18,580	-	62,637
Tax	8,228	-	-	7,029	2,199
Planning and Development	33,283	(34,895)	-	-	28,388
Public Service Workers	43,880	(20,850)	-	-	23,030
Landscape	-	33,218	-	-	33,218
Total General Government	2,296,732	(3,445)	67,160	64,115	2,295,242
Public Safety					
Animal Control	131,324	-	-	-	131,324
Fire	1,041,894	2,440	-	-	1,044,334
Police	2,894,115	(41,481)	81,799	82,494	2,761,838
Liter Control	-	18,580	4,344	-	22,924
Total Public Safety	3,857,133	(18,021)	86,143	82,494	3,891,727
Highways and Streets					
Streets	3,275,597	32,499	697,083	32,356	4,275,578
Health					
Council on Aging	370,890	-	-	-	370,890
Construction in Progress	183,714	-	480,281	170,637	383,818
Total Governmental Funds Capital Assets	\$ 10,295,457	\$ -	\$ 1,812,802	\$ 739,802	\$ 11,178,457

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service fund is excluded from the above amounts. The capital assets of the internal service fund is included as governmental activities in the statement of net assets.

SUPPLEMENTARY SCHEDULE

CITY OF BENHAM SPRINGS
SCHEDULE OF INSURANCE COVERAGE IN FORCE

JUNE 30, 2003

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
CNA Surety	Public Official Bonds		
	Mayor; James Durbin	\$ 50,000	1/01/04
	Council Members:		
	Arthur Perkins	\$ 10,000	1/12/04
	George Mendons	\$ 10,000	1/01/04
	Robert Poole	\$ 10,000	1/01/04
	John B. Watson	\$ 10,000	1/01/04
	Lori Lamm-Williams	\$ 10,000	1/01/04
	City Treasurer:		
	Clarence Speed	\$ 50,000	12/31/03
Lafayette	Public Employees Blanket Bond		
	City Clerk:		
	Jean LaBlanc	\$ 50,000	2/06/04
	Property and Casualty		
	Coverage -		
	100% Co-insurance:		
	Municipal Building	\$ 1,672,000	
	Contents	\$ 474,000	3/01/03
	941 Government Street		
	Steel Water Tank and Tower	\$ 250,000	7/01/03
	110 Bolinas Street		
	Council on Aging Buildings	\$ 453,000	7/01/03
	948 Government Street		
	Fire Station Building	\$ 219,000	
	Contents	\$ 11,000	3/01/03
	1108 Hatchell Lane		

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2003

Insurance	Contents	Amount	Expiration Date
	Police Station and Jail Facility	\$1,290,000	
	Contents	\$ 155,000	7/01/03
	447 Lorton Street		
	Fire Station Building	\$ 279,000	
	Contents	\$ 15,000	7/01/03
	550 Government Street		
	Office Trailer Building	\$ 4,000	
	Contents	\$ 1,000	7/01/03
	9130 Forest Delaney Road		
	Animal Control Center		
	Building	\$ 90,000	
	Contents	\$ 2,000	7/01/03
	600-C Riverman St.		
Liability	Youth Services		
	Office Building	\$ 225,000	7/01/03
	940 Government Street		
	Utility Warehouse Building	\$ 93,000	
	Contents	\$ 31,000	7/01/03
	112 Bienville Street		
	Meats Feed and Warehouse		
	Building	\$ 234,000	
	Contents	\$ 77,000	7/01/03
	401 N. Railroad Ave.		
	Augusta Lane Pump		
	Station Building	\$ 13,000	7/01/03
	Augusta Lane		
	Steel Water Tank and Tower	\$ 566,000	7/01/03
	Inter's Highway		

(CONTINUED)

CITY OF BENTHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2003

Insurance	Coverage	Amount	Expiration Date
Louisiana Workers' Compensation Corporation	Workers's Compensation Statutory		7/01/03
Risk Management	General Liability	\$ 300,000	7/01/05
	Law Enforcement		
	Professional Liability	\$ 500,000	7/01/05
Risk Management	Public Officials and Employees Liability		
	Errors and Omissions	\$ 500,000	7/01/05
Risk Management	Business Auto		
	Liability	\$ 500,000	7/01/05
AIG	Business Auto Comprehensive	Actual Cash Value	7/01/05
National Flood Services	Flood Insurance:		
	Fire Station Building	\$ 20,000	
	Contents	\$ 20,000	7/01/03
	330 Government Street		
	Youth Services Office Building	\$ 25,000	
	Contents	\$ 20,000	7/01/03
	290 Government Street		
	Municipal Building	\$ 215,000	
	Contents	\$ 40,000	7/01/03
	740 Government Street		
	Council on Aging Building	\$ 80,000	
	Contents	\$ 40,000	7/01/03
	242 Government Street		

(CONTINUED)

CITY OF DENHAM SPRINGS

SCHEDULE OF INSURANCE COVERAGE IN FORCE (CONTINUED)

JUNE 30, 2003

<u>Insurance</u>	<u>Coverage</u>	<u>Amount</u>	<u>Expiration Date</u>
	Fire Station Building	\$ 25,000	
	Contents	\$ 20,000	7/01/03
	1100 Hatchell Lane		
	Police Station and Jail Facility	\$ 250,000	
	Contents	\$ 20,000	7/01/03
	447 Lamar Street		
	Animal Control Center Building	\$ 50,000	7/01/03
	600-C Williamson Street		

THIS SECTION WHICH IS COMPOSED OF ACCOUNTING
AND NONACCOUNTING DATA IS PRESENTED IN ORDER TO
PROVIDE THE READER WITH ADDITIONAL INFORMATION
AS AN AID TO UNDERSTANDING THE FINANCIAL ACTIVITIES
OF THE GOVERNMENTAL UNIT

CITY OF DENHAM SPRINGS

GENERAL FUND EXPENDITURES AND
OTHER USES BY FUNCTION
PRIMARY GOVERNMENT

LAST TEN YEARS

Year	<u>Total</u>	<u>General Government</u>	<u>Sanitary</u>	<u>Ten</u>	<u>Ward Court</u>	<u>Planning and Development</u>	<u>Public Service Workers</u>
1994	\$4,817,679	\$ 512,830	\$ 33,089	\$ 89,704	\$ 83,259*	\$ 132,130	\$ 15,409
1995	4,542,641	480,534	31,963	99,898	83,185	136,559	32,047
1996	4,785,118	566,415	54,714	113,187	32,214	118,326	49,474
1997	5,084,763	587,761	65,158	185,258	32,923 ¹	118,433	96,715
1998	6,078,148	588,791	63,187	127,948	83,815	149,341	57,547
1999	5,877,375	608,259	83,718	113,897	47,811	129,434	73,683
2000	6,842,546	797,211	84,238	127,521	48,649	164,428	86,852
2001	6,186,248	786,534	78,248	119,634	50,388	186,565	77,381
2002	6,586,264	768,763	76,544	134,823	52,901	208,467	92,383
2003	7,248,189	983,962	90,779	135,409	69,715	201,825	70,201

*In compliance with GASB-34 beginning in 1994 certain general fund expenditures made to reimburse the Court for operating expenditures of the Court are now shown as Other Uses - Transfers to Component Units.

¹Beginning in fiscal year 1997, salaries for the public service supervisor was allocated to Public Service Workers instead of Ward Court.

SOURCE: Annual Audited Basic Financial Statements.

Summer Food Program	Landscaping	Animal Control	Fire	Police	Litter Control	Streets and Lighting	Health	Culture and Recreation	Other Uses
\$ 12,373	\$ -	\$21,100	\$691,075	\$1,157,200	\$ -	\$ 813,890	\$19,334	\$ -	\$1,216,125
12,850	-	27,906	741,461	1,259,312	-	846,234	18,977	-	789,165
16,683	-	36,963	763,037	1,450,946	-	732,513	19,606	-	737,313
11,692	-	32,341	913,193	1,553,477	-	681,121	18,723	17,063	706,666
12,908	-	54,346	836,801	1,677,298	-	762,805	24,695	48,462	1,504,274
7,997	-	80,962	809,489	1,848,913	-	820,329	36,144	56,370	1,216,695
-	-	47,883	962,111	2,141,501	-	1,657,393	33,430	113,873	375,384
-	-	65,256	1,168,583	2,294,625	-	1,174,843	25,934	62,994	95,532
-	-	72,374	1,213,688	2,368,571	-	1,184,453	29,098	77,648	583,825
-	59,691	94,328	1,311,799	2,405,238	32,491	1,683,427	23,768	32,891	648,670

CITY OF DENHAM SPRINGS

GENERAL FUND REVENUES AND OTHER FINANCING SOURCES PRIMARY GOVERNMENT

LAST TEN YEARS

Year	<u>Total</u>	<u>Licenses and Taxes</u>	<u>Permits</u>	<u>Fines and Forfeits</u>	<u>911 Service Fees</u>
1994	\$4,454,331	\$2,267,898	\$ 409,813	\$ 278,133	\$ 34,854
1995	4,777,992	2,496,833	521,309	343,787	112,888
1996	5,274,269	2,871,998	528,631	189,468	131,690
1997	5,358,834	4,001,814	548,863	173,708	135,785
1998	5,622,484	4,166,364	543,234	191,919	165,214
1999	6,131,685	4,521,888	629,763	174,527	185,282
2000	6,559,820	4,908,185	658,740	205,178	188,662
2001	6,592,344	4,811,962	603,394	268,226	187,131
2002	6,617,978	4,935,933	627,086	344,005	197,785
2003	6,806,613	5,118,463	681,773	368,883	281,332

CITY OF DENHAM SPRINGS

GENERAL FUND TAX REVENUES BY SOURCE PRIMARY GOVERNMENT

LAST TEN YEARS

Year	<u>Total</u>	<u>General Property Taxes</u>	<u>Alcoholic Beverage & Cable T.V.</u>	<u>Chain Store Tax</u>	<u>Electrical Franchise Tax</u>	<u>Sales Tax</u>
1994	\$3,267,898	\$114,676	\$ 65,384	\$10,911	\$382,869	\$2,571,386
1995	3,496,833	125,033	68,918	12,593	354,779	2,749,728
1996	3,871,998	128,952	78,655	11,085	410,645	3,025,269
1997	4,001,814	131,233	79,430	12,278	377,544	3,082,693
1998	4,166,364	136,772	79,889	11,984	388,317	3,234,669
1999	4,521,888	138,854	93,585	15,535	397,231	3,655,439
2000	4,908,185	153,970	128,082	17,890	432,712	4,149,183
2001	4,811,962	163,471	77,566	18,606	488,797	4,084,946
2002	4,935,933	179,284	123,973	18,258	457,617	4,199,381
2003	5,118,463	183,898	138,567	16,185	480,084	4,318,289

SOURCE: Annual Audited Basic Financial Statements.

Schedule 1

<u>Interest</u>	<u>Miscellaneous</u>	<u>Other Financing Sources</u>
\$ 33,943	\$427,904	\$13,804
38,374	351,457	19,326
79,822	418,827	13,353
85,002	379,787	14,373
187,266	430,489	18,032
78,973	533,021	84,081
89,329	480,085	69,821
115,838	581,383	31,819
38,518	533,577	18,116
30,888	578,132	6,162

Schedule 3A

<u>Tobacco Taxes</u>	<u>Wine and Franchise Tax</u>	<u>Video Poker Fees</u>
\$42,898	\$1,740	\$ 76,734
42,282	2,260	136,427
42,878	1,828	161,684
42,564	1,878	175,088
42,571	2,168	189,902
42,578	2,108	176,478
42,571	1,897	-
-	1,740	-
-	2,019	-
-	2,530	-

CITY OF BENHAM SPRINGS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

Year	Total Tax Levy ¹	Collections	Percent of Levy Collected	Prior Year Tax Collections	Total Tax Collections	Ratio of Total Collections to Tax Levy
1994	\$119,742	\$117,232*	97.90%	\$ 631	\$117,863	98.43%
1995	126,271	124,164	98.33%	1,782	125,946	99.74%
1996	128,748	128,135	99.53%	1,339	129,514	99.83%
1997	136,850	129,836	95.22%	1,660	131,519	100.34%
1998	128,904	124,817	96.83%	432	125,329	97.23%
1999	140,663	134,668	96.14%	4,543	139,203	99.38%
2000	148,665	136,606	92.29%	1,316	131,910	89.06% ²
2001	156,130	150,197	96.00%	15,184	165,381	106.29%
2002	163,486	158,388	96.90%	3,889	162,278	99.31%
2003	165,218	161,652	98.00%	2,782	163,834	99.34%

*Total 1994 collections includes \$2,187 of collections which were subsequently unaccounted for.

¹Total Tax Levy" represents the taxpayer portion of the original levy of the Assessor and is the amount to be paid by the taxpayer. The amounts to be paid by the taxpayer are ultimately collected in full except for adjustments due to assessment errors or delayed homestead exemptions.

SOURCE: City of Benham Springs Tax Office.

²During fiscal year ended June 30, 2000, numerous Louisiana Tax Commission Change Orders occurred reducing the percent of levy collected.

CITY OF DENHAM SPRINGS
ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

LAST TEN YEARS

<u>Year</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value*</u>
1994	\$25,262,810	\$220,845,727	11%
1995	26,808,190	243,719,909	11
1996	27,546,730	250,424,818	11
1997	31,914,330	290,132,000	11
1998	31,439,890	285,817,200	11
1999	34,181,710	310,560,800	11
2000	36,113,430	328,303,800	11
2001	45,968,510	417,895,550	11
2002	47,362,340	431,839,450	11
2003	48,325,460	439,322,344	11

* Actual Valuation (Market Value) as Compared to Assessed Valuation

Residential properties are assessed at 10% of their market value; commercial and industrial properties, excluding land, are assessed at 15%. The overall assessed value is estimated to be 11% of actual market value.

SOURCE: Livingston Parish Assessor's Grand Recapitulation of the Assessment Roll for the Parish of Livingston.

CITY OF BENHAM SPRINGS
PROPERTY TAX RATES AND TAX LEVIES -
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN YEARS

Year	City	Parishwide ¹	School (District #1)	Parish	
				Drainage (District #1)	Recreation (District #2)
Tax Rates (Mills Per Dollar)					
1994	4.71	59.24	22.47	7.58	34.88
1995	4.71	59.24	18.74	7.58	30.89
1996	4.71	68.70	41.73	7.58	13.08
1997	4.10	67.45	53.29	7.00	30.00
1998	4.10	67.45	48.87	5.00	20.00
1999	4.10	64.56	33.44	4.53	18.00
2000	4.10	64.56	28.32	4.53	18.00
2001	3.44	62.84	24.16	3.96	20.00
2002	3.44	62.11	19.23	3.00	18.00
2003	3.44	63.11	15.54	3.00	20.00

TAX LEVIES

1994	\$119,742	\$ 938,213	\$ 355,889	\$118,781	\$532,413
1995	126,271	1,806,852	318,588	137,471	525,811
1996	129,745	1,193,129	1,051,965	138,254	268,608
1997	130,859	1,414,965	1,117,660	147,432	629,362
1998	128,904	1,259,568	843,960	101,288	403,134
1999	140,063	1,477,235	788,798	103,682	411,580
2000	148,865	1,542,488	674,211	108,237	430,042
2001	138,152	1,696,323	744,453	112,778	616,271
2002	163,406	1,991,408	617,203	160,312	577,123
2003	166,238	2,037,568	506,647	183,014	682,053

The tax levies represent the original levy of the assessor less the homestead exemption amounts.

¹Parishwide - includes all or some of the following:

Parish Local, Drain Sinking, Courthouse Sinking, Road Equipment/Maintenance, Drainage Tax, Courthouse Maintenance, Health Unit, Library, Assessor, Law Enforcement, School Parishwide Constitutional Tax, School Parishwide Additional Support, School Parishwide District #5, School Parishwide Special Maintenance.

SOURCE: Livingston Parish Assessor's Grand Reconciliation of the Assessment Roll for the Parish of Livingston.

<u>Law Enforcement</u> <u>District</u>	<u>Juvenile Detention</u> <u>Center</u>	<u>Total</u>
12.51	-	140.31
12.51	-	133.99
12.51	-	179.14
12.51	3.00	177.18
12.51	3.00	153.99
12.51	3.00	140.14
12.51	3.00	134.92
12.51	3.00	129.61
12.51	3.00	123.31
12.51	3.00	122.60
 \$ 198,127	 \$ -	 \$2,283,147
112,632	-	2,395,734
117,264	-	3,082,805
162,960	63,966	3,764,886
132,160	60,470	3,149,384
286,272	68,668	3,237,700
296,879	71,674	3,273,516
363,478	92,440	4,843,878
401,182	96,187	4,896,793
407,881	97,808	4,691,183

CITY OF DENHAM SPRINGS
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS

<u>Year</u>	<u>Assessments Beginning of Year</u>	<u>Additions and Adjustments</u>	<u>Collections</u>	<u>Assessments End of Year</u>
1994	\$ -	\$133,210 ¹	\$23,535	\$109,675
1995	109,675 ¹	-	20,860	88,815
1996	88,815	-	30,511	58,304
1997	58,304	-	14,112	44,192
1998	44,192	-	8,325	35,867
1999	35,867	-	8,097	27,810
2000	27,810	-	10,540	17,270
2001	17,270	-	6,836	10,434
2002	10,434	-	3,903	6,533
2003	6,533	-	5,944	389

¹ Lakeland Acres Subdivision Paving Project.

SOURCE: Annual Audited Basic Financial Statements.

CITY OF DENHAM SPRINGS
STATEMENT OF LEGAL DEBT LIMIT

General Bonded indebtedness

POWER TO INCUR DEBT

Municipal corporations, parishes and school districts, roads, water-age, waterworks and drainage districts, hospital service districts, fire protection districts, and gas utility districts may incur debt and issue negotiable bonds. (LRS 39:531)

LIMIT OF INDEBTEDNESS

No debt shall be incurred and bonds issued by any local government for any one of the purposes herein provided, which, including the existing bonded debt of such government, shall exceed in the aggregate ten percent of the assessed valuation of the taxable property. However, the governing authority of a municipality may incur debt and issue bonds therefore as provided in this subsection, for the purpose set forth in Louisiana R.S. 39:553, which may exceed ten percent for any one of such purposes, provided that the aggregate for all of such purposes determined at the time of issuance of the bonds does not exceed thirty-five percent of the assessed valuation of the taxable property of the municipality. (LRS 39:562)

MUNICIPAL PURPOSES

The governing authorities of municipal corporations, including cities, towns and villages, may incur debt and issue bonds of the municipal corporations for the following purposes: opening, constructing, paving and improving streets, sidewalks, roads and alleys; constructing bridges; purchasing or constructing waterworks; sewers and sewerage disposal works; drains, drainage canals, and pumping plants; waste disposal facilities; facilities for pollution control and abatement; light and power plants; gas plants; artificial ice and refrigerating plants; halls; courthouses; jails; public markets and abattoirs; fire department stations and equipment; hospitals; auditoriums; public parks; waterworks; libraries; school houses; teachers' homes; and other public buildings; docks, wharves, and river terminals; acquiring and/or improving lands for industrial parks, within or without the corporate limits of the municipality; and other works of public improvement as the legislature may expressly authorize. Debt may be incurred and bonds may be issued for the necessary equipment and furnishings for the works, buildings and improvements. (LRS 39:553)

MAXIMUM DURATION AND INTEREST LIMITATION

No bonds issued shall run for a period longer than forty (40) years, or bear a greater rate of interest than the rate set in the proposition approved at the election or be sold for less than par. (LRS 38-563, 38-564)

ISSUING BONDS: VOTE BY TAXPAYERS

A majority of all qualified voters voting thereon must vote in favor of the proposition to issue debt and issue bonds. (LRS 38-561)

LEVY OF TAXES

The governing authority shall impose and collect annually in excess of all other taxes, a tax on the property subject to taxation sufficient to pay annual principal and interest on these bonds. (LRS 39-569)

Total Assessed Value of Taxable Property		\$48,325,480
		<hr/>
	10% of Assessed Valuation	50% of Assessed Valuation
Legal Debt Limitation	\$4,832,548	\$24,162,740
	<hr/>	<hr/>

There are no outstanding bonds secured by ad valorem taxes of the City of Durham Springs as of June 30, 2003.

CITY OF DENHAM SPRINGS

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA

LAST TEN YEARS

Year	Population ¹	Assessed Value ²	General Obligation Bonded Debt	Less Debt Service Fund ³
1994	8,653	25,262,800	\$ -	\$ -
1995	8,797	26,889,140	-	-
1996	8,982	27,546,738	-	-
1997	9,081	31,914,528	-	-
1998	9,171	31,438,890	-	-
1999	9,248	34,161,710	-	-
2000	9,179	36,313,430	-	-
2001	8,757	43,868,210	-	-
2002	8,883	47,302,340	-	-
2003	8,977	48,325,460	-	-

SOURCES: ¹Population of City of Denham Springs obtained from State Treasurer's Office.

²Livingston Parish Assessor's General Recapitulation of the Assessment Roll for the Parish of Livingston.

³Amount available in Debt Service Fund for repayment of General Obligation Bonds.
 Annual Audited Basic Financial Statements.

<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ -	. 5%	\$ -
"	"	"
"	"	"
"	"	"
"	"	"
"	"	"
"	"	"
"	"	"
"	"	"
"	"	"

CITY OF DENHAM SPRINGS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL
GOVERNMENTAL EXPENDITURES

LAST TEN YEARS

Year	Principal	Interest ¹	Total Debt Service ²	Total General Governmental Expenditures ³	Ratio of Debt Service to General Governmental Expenditures
1994	\$ -	\$ -	\$ -	\$4,817,679	-%
1995	-	-	-	4,542,640	-
1996	-	-	-	4,715,119	-
1997	-	-	-	5,084,763	-
1998	-	-	-	6,079,148	-
1999	-	-	-	5,977,579	-
2000	-	-	-	6,042,546	-
2001	-	-	-	6,856,246	-
2002	-	-	-	8,896,264	-
2003	-	-	-	7,248,180	-

¹Excludes paying agent fees and other costs.

²Total Debt Service includes general obligation bonds only. (Does not include Special Assessment Certificates of Indebtedness or Revenue Bonds issued by the Utility Enterprise Fund.)

³Expenditures and Other Uses of the General, Special Revenue, and Debt Service Funds, excluding the expenditures of the Special Assessment Debt Service Fund and 1989 Certificates of Indebtedness Debt Service Fund.

SOURCE: Annual Audited Basic Financial Statements.

CITY OF DENHAM SPRINGS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

JUNE 30, 2003

	Gross Debt Outstanding	Amounts In Debt Service Paid For Principal	Net Debt Outstanding	City of Denham Springs Percent	Share of Debt
<u>GOVERNMENTAL UNIT</u>					
City of Denham Springs	\$ -	\$ -	\$ -	100%	\$ -
<u>OTHER GOVERNMENTAL AGENCIES</u>					
School District #1	\$ 7,534,488	\$ 875,925	\$ 6,658,563	39%	\$ 2,586,813
Jail Bonds:	5,654	-	5,654	16%	905
	135,000	-	135,000	16%	21,600
Recreation District No. 3	<u>2,125,800</u>	<u>359,388</u>	<u>1,766,412</u>	45%	<u>780,579</u>
Total Other Governmental Agencies	<u>\$ 9,800,122</u>	<u>\$ 1,235,313</u>	<u>\$ 8,564,809</u>		<u>\$ 3,399,917</u>
Total Direct and Over- lapping Debt	<u>\$ 9,800,122</u>	<u>\$ 1,235,313</u>	<u>\$ 8,564,809</u>		<u>\$ 3,399,917</u>
2000 City Population					<u>8,977</u>
Per Capita					<u>\$ 379</u>

CITY OF DENHAM SPRINGS
SUMMARY OF REVENUE BOND COVERAGE
LAST TEN YEARS

Utility Enterprise Fund

<u>Year</u>	<u>Gross Revenue¹</u>	<u>Other Financial Sources</u>	<u>Expenses²</u>	<u>Other Uses³</u>	<u>Available for Debt Service</u>
1994	\$3,883,807	\$ -	\$2,733,064	\$ 3,008	\$1,145,793
1995	3,561,833	-	2,576,764	-	985,069
1996	4,042,511	200,000 ⁴	2,998,298	-	1,244,213
1997	3,968,407	200,000 ⁴	3,038,828	-	1,130,579
1998	4,351,063	-	3,176,408	-	1,004,655
1999	4,806,415	-	3,861,349	-	945,066
2000	4,305,086	-	3,348,639	-	956,447
2001	3,819,128	-	3,852,734	-	766,414
2002	4,962,423	-	4,127,525	-	834,898
2003	4,793,939	-	3,481,363	-	(901,600)

¹Total Operating Revenues plus Non-Operating Revenues.

²Total Operating Expenses plus Non-Operating Expenses less Depreciation and Debt Service Interest on Revenue Bonds.

³Transfer Out.

⁴Transfer In.

SOURCE: Annual Audited Basic Financial Statements.

Debt Service Requirements

<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
\$ 121,637	\$283,236	\$ 404,873	2.84
125,214	289,759	414,973	2.49
129,207	295,874	425,081	3.23
133,774	301,883	435,657	3.63
137,735	307,441	445,176	3.68
453,382 ¹	134,829	577,611	1.64
218,438	103,090	324,528	2.56
228,487	89,182	314,669	2.44
236,668	72,927	289,595	2.79
227,944	56,482	284,546	"

CITY OF DENHAM SPRINGS

DEMOGRAPHICS STATISTICS

LAST TEN YEARS

Year	Population ¹	Per Capita Income ²	Public School Enrollment ³	Unemployment Livingston Parish ⁴	Unemployment Labor Market Area ⁵
1994	8,653	\$15,788	17,080	9.4%	6.7%
1995	8,797	16,780	17,480	10.1	7.4
1996	8,902	17,471	18,189	8.3	6.2
1997	9,011	18,273	18,177	7.5	5.8
1998	9,171	19,043	18,533	6.1	5.3
1999	9,248	20,129	19,341	5.4	4.6
2000	9,375	20,909	19,483	5.0	4.0
2001	9,357	21,554	19,791	4.1	4.6
2002	9,883	22,363	19,887	4.3	5.4
2003	9,977	N/A	20,496	6.7	5.6

¹Population of City of Denham Springs from State Treasurer's Office.²Perishable Per Capita Income Per Louisiana Department of Labor.³Per Louisiana Department of Labor.⁴Louisiana Department of Education.

CITY OF DENHAM SPRINGS

CONSTRUCTION

LAST TEN YEARS

Year	<u>Residential Construction</u>		<u>Commercial Construction</u>	
	<u>Number of Permits</u>	<u>Value</u>	<u>Number of Permits</u>	<u>Value</u>
1994	37	\$2,816,721	8	\$3,982,600
1995	42	3,281,190	9	7,233,000
1996	104	5,407,190	34	4,987,900
1997	72	2,471,900	58	11,121,900
1998	82	2,448,471	62	8,739,416
1999	96	5,062,716	38	14,169,351
2000	94	4,640,349	34	3,649,617
2001	71	3,816,413	50	7,041,155
2002	55	1,966,666	43	8,246,267
2003	58	1,850,965	39	11,150,681

SOURCE: Denham Springs Office of Planning and Development.

CITY OF DENTON SPRINGS
PRINCIPAL SALES TAXPAYERS

JUNE 30, 2003

<u>Taxpayer</u>	<u>Type of Business</u>
Wal-Mart Store	General Merchandise
Winn-Dixie Store	Retail Grocery
Walgreens Store	Retail Pharmacy
James Drugstore	Retail Pharmacy
Rite-Aid (Formerly K&B Drug Store)	Retail Pharmacy
Eckard's	Retail Pharmacy
Smith Building Supply, Inc.	Retail Hardware
Reactive	Retail Convenience
Pilot Travel Center	Retail Convenience
All Star Dodge	Retail Parts and Repairs

SOURCE: Livingston Parish School Board - Sales Tax Office.

CITY OF DENHAM SPRINGS

MISCELLANEOUS STATISTICS

JUNE 30, 2003

Date of Incorporation	May 8, 1903
Form of Government	Mayor - City Council Lawrence Aul
Area	City 6 square miles Parish 642 square miles
Fire Protection:	
Number of Stations	3
Number of Firefighters and Officers	25
Number of Volunteer Firemen	40
Police Protection:	
Number of Stations	1
Number of Police Officers	27
Sewers:	
Number of Pumping Stations	33
Type of Treatment System	Rock Reed Filter
Employees:	
Number of Employees	166
Municipal Utilities:	
Number of Gas Customers	4,673
Number of Sewer Customers	5,294
Number of Water Customers	6,459
Number of Waste Disposal Customers	3,380
City Sales Tax Rate	1.5%

CITY OF NEW ORLEANS, LOUISIANA
INTERNAL CONTROL AND COMPLIANCE
REPORT REQUIRED BY GOVERNMENT AUDITING
STANDARD

YEAR ENDED JUNE 30, 2007

CITY OF DENHAM SPRINGS, LOUISIANA

TABLE OF CONTENTS

Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards.....	Page 1 - 2
Schedule of Prior Year Findings and Questioned Costs.....	3 - 9

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE BASIC FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



Hannis L. Bourgeois, LLP

Certified Public Accountants

Heidi L. Bourgeois, CPA
 Douglas Michael, Jr., CPA
 Ronald S. Bourgeois, CPA
 Frederick J. Goss, CPA
 Christopher Higgins, CPA
 Michael L. Goss, CPA
 Russell L. Higgins, CPA
 Douglas J. Goss, CPA
 Charles W. Goss, CPA
 Russell L. Bourgeois, CPA
 David L. Goss, CPA
 David L. Goss, CPA

R. David Williams, CPA
 * A Mississippi Accounting Corporation

1175 Del Este Avenue, Suite B
 Denham Springs, LA 70706
 Phone: (225) 665-6293
 Fax: (225) 667-8813

Members American Institute of
 Certified Public Accountants

2022 Tinsman Drive, Suite 200
 Baton Rouge, LA 70806

September 19, 2009

The Mayor and Members of
 the City Council
 City of Denham Springs
 Denham Springs, Louisiana

We have audited the basic financial statements of the City of Denham Springs, Louisiana, as of and for the year ended June 30, 2009, and have issued our report thereon dated September 19, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a

relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass-through entities. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Dunham Springs, Louisiana, is a matter of public record.

Respectfully submitted,

Thomas W. Burgeon, III

CITY OF DENHAM SPRINGS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2005

Compliance Findings:

Finding 02-01:

During our testing of utility accounts receivable in the prior year audit, it was noted that accounts over 90 days had increased substantially. Upon further investigation we determined that not all accounts, which had become two months delinquent, and owed over \$20 had been disconnected as required by the City's Ordinance. In addition, we found no written authorization which would allow City employees an exception to the disconnect procedures.

Recommendation:

We recommended that the City abide by its Ordinance and disconnect utility services to those customers who remain delinquent after two months. If for some reason the services are not disconnected, a written authorization should be required from the Mayor documenting the reasons for the authorization.

Corrective Action Taken:

Management concurred with the recommendation to abide by its Ordinance and disconnect utility services to those customers who remain delinquent after two months. Management requires the written authorization of the Mayor documenting the reason delinquent customer utility services have not been disconnected in accordance with its Ordinance.

To date all past due customer's have either been paid or been disconnected.

Finding 02-02:

During our testing of the bid law requirements in the prior year audit, we noted the City had purchased radio equipment for the police department for approximately \$40,000. The purchasing agent stated that bids were not required for the purchase of telecommunication equipment therefore, no bid documentation was on file. Upon further investigation we determined that this purchase would be subject to the bid process and therefore the City had violated the bid law.

Recommendation:

We recommended that purchasing remain up to date with the changes in the laws concerning the requirements for bid. If there is any question as to whether the bid process is required, management should request opinion from legal counsel and put a copy with the invoice purchasing the asset.

Corrective Action Taken:

During the current year, we found no additional instances in which the City violated the requirements of the bid process. In addition, the Purchasing Agent has attended several seminars. The City also utilizes legal counsel when there is a question concerning exemption to the requirements of the bid law.

Finding 02-03:

During the course of our prior year audit, the City's attorney disclosed to us that he had been informed by the City that an employee of the Street Department would remain on City time and then proceed to a part-time judicial job at another business and then come back to the City to complete his judicial duties before clocking out for the day. The supervisor would then sign his time card each payroll period. Upon investigation by the City's attorney, it was determined that the time being approved by the supervisor appeared to be limited to those hours actually worked at the City and did not include the hours at the other business. Thus the employer's time card actually shows more hours worked than he was actually paid. Management reviewed all payroll records of the employee and the supervisor for the period under question and has received reimbursements for any discrepancy found.

Recommendation:

We recommended that the City continue to monitor its employees and monitor that all employees are clocking in and out appropriately.

Corrective Action Taken:

Our audit test work in discussion with the City personnel or attorney did not disclose another condition as described in this finding during the current year.

Finding 02-04:

During our prior year audit, we were informed that the City had reimbursed an employee \$82.73 for refreshments for a social and committee party. Upon our investigation there was a reimbursement for refreshments for what management thought would be a morale booster for the women working at City Hall. The meeting actually took place after hours on Friday June 21, 2002. Apparently it was not taken by the employees in that respect, as we were told only two employees attended. In any event, the purchase of refreshments for employee meetings using public funds is not appropriate.

Recommendation:

We recommended the City discontinue any practice of purchasing refreshments for employees' meetings.

Corrective Action Taken:

In the current year, the City has discontinued this practice. Furthermore, the results of our test work in the current year disclosed no further instances of any such purchases.

Finding 02-05:

During the our prior year audit, we became aware of an instance where the City paid the medical bills of two employees who were supposedly exposed to carpenter's itch by the children of one of the City's customers during working hours. The total medical bills paid were \$280 and were approved by the City's Treasurer. The explanation was that because it was under \$280 the Treasurer decided it would be better to pay the medical bills rather than file a workers compensation claim. We believe the payment of the invoice by the City rather than by workers compensation is inappropriate. The spending of public funds where there appears no legal obligation to do so is inappropriate.

Recommendation:

We recommended that the City obtain reimbursement from the employees involved and that the proper worker compensation paperwork be filed. If the event actually should be reimbursed, then the City's workers compensation policy will take care of the reimbursements.

Corrective Action Taken:

During the current year, our test work did not disclose any further instances in which the City paid medical expenses inappropriately. In addition, the employees involved have fully reimbursed the City.

Finding 02-06:

During the prior year audit, we attempted to determine if department heads were tracking and reporting personal mileage on vehicles assigned to them. A couple of years ago, the City had each department head sign a statement that they were aware that no City vehicle may be used for personal business. Currently, no effort to monitor any personal use of vehicles is in place. We noted no employees actually reported using a City vehicle for personal use. In attempting to test for any personal use, the City could not produce adequate vehicle information to assist in determining any misuse. However we did note that the City was charging the department heads \$3/day and adding this amount to the employees' W-2 to cover commuting mileage as required by Internal Revenue Code Section 1.61-21 (b).

Recommendation:

We recommended the City formally adopt a written vehicle usage policy and design it such that adequate written information is required and available to be able to assist management in the monitoring of the policy. Each employee stating that they have read and understood the policy should sign a new form annually.

Corrective Action Taken:

The City has adopted a written vehicle usage policy that includes information that is necessary to assist management in monitoring the policy. Also, all employees were required to read the policy and sign a form acknowledging they have read the policy.

Internal Control Findings:

Finding 02-07:

During our testing of certain construction contracts in the prior year audit, equipment purchases and accounts payable for the year ended June 30, 2002, we noted two instances in which invoices were actually paid twice by the City. The City paid Nortrac South on August 16, 2001, check number 234022 in the amount of \$62,234 and then paid the invoice again on October 22, 2001, check number 240440 in the amount of \$62,234. The City received a cash refund of the overpayment on November 14, 2001, in the amount of \$62,234. In addition, the City paid Cajon Constructors, Inc. on July 3, 2002, check number 27378 in the amount of \$33,650 and then paid the application for payment again on July 26, 2002, check number 27808 also in the amount of \$33,650. The City received a cash refund of \$33,650 on August 16, 2002. These duplicate payments seem to be isolated incidences, but still should not have happened.

Recommendation:

We recommended more care be taken when paying invoices. Although the City was reimbursed for the overpayments the City did not have use of those funds until the vendor repaid the overpayments. Had the invoices been marked paid, with the date paid, check number, and account number, this error could have been avoided.

Corrective Action Taken:

During the current year, our audit test work did not indicate any other instances in which invoices were paid twice. In addition, the City Treasurer is reviewing all invoices before payment.

Finding 02-08:

In our prior year audit during the testing of accumulated unpaid leave for the year ended June 30, 2002, we noted for one employee tested that the supervisor had failed to sign the employee's time card six times out of the twenty-six pay periods. In addition, in testing the time cards of the Mayor's assistant from July 1, 2000 to December 1, 2002, we located all time cards and the employee had signed all, but sixteen cards were unsigned by the Mayor, his immediate supervisor. All other time cards pulled for our payroll transaction testing were signed by the employee and the supervisor.

Recommendation:

We recommended that the payroll department not prepare or release a payroll check without the proper employee signature and the proper supervisor's signature.

Corrective Action Taken:

Our current year audit test work of accumulated unpaid leave balances indicated the timecards are being signed by the employee and the supervisor.

Finding 02-09:

In our prior year during the testing of accumulated unpaid leave for the year ended June 30, 2002, we noted that the computation of accumulated leave for the police officers is not being computed exactly the same in each instance. When asked why this occurred, personnel told us the differences came about because of interpretation of the City's policy.

Recommendation:

We recommended the City re-evaluate the personnel policies concerning employee benefits and accumulated leave. In addition, the policy should not be subject to interpretation, but should be able to be calculated as stated in the policy.

Corrective Action Taken:

Our current year audit test of police officers accumulated unpaid leave indicated the calculations are being done correctly and the City's policies are being correctly applied. In addition, management has hired special legal counsel having expertise in personnel matters to review and recommend changes to the City's personnel policies and ordinances.

Finding 02-10:

During our prior audit, we tested the payroll of the personnel director from July 1, 2001, to December 1, 2002. We noted that the employee and her supervisor had signed all applicable time cards. We also noted that during this time period all overtime had been approved by the City Treasurer. Explanations for the overtime were also included on the approved forms. However, numerous discrepancies were discovered. The discrepancies included the following:

- Small immaterial payroll calculation differences noted in three instances.
- On at least eleven occasions the employee issued herself a manual check prior to the date of the regular payroll check issuance without proper authorization.
- No payroll documentation and no supervisory approval for the issuance of check number 65214 dated December 6, 2001, in the amount of \$31,690.15. It seems that the employee paid herself for 80 hours of earned comp time without proper approval.
- No payroll documentation and no supervisory approval for the issuance of check number 71803 dated June 28, 2002, in the amount of \$858.00 but not recorded until July 23, 2002. It seems this payment was an advance of payroll that was not reimbursed until December 6, 2002.
- No payroll documentation and no supervisory approval for the issuance of check number 73117 dated October 16, 2002, in the amount of \$930.41 but not recorded until October 29, 2002.

In addition, we noted that although two employees had keys to the check signature machine, each employee knew the PIN number to use the machine and only one key was required to use the machine. One of the keys was in the possession of the personnel director. We noted that City policy was to have a second employee review and sign the payroll register prior to the issuance of payroll checks. This step had been bypassed all year. The City Accountant prepares the City's bank reconciliations but was not allowed access to the actual payroll information by the personnel director. The personnel director would give the City Accountant the information concerning payroll that was used to complete the bank reconciliations.

Recommendation:

We recommended that management obtain reimbursement for all unauthorized payments and decide the proper disciplinary action against the personnel director for all the abuses identified above. In addition, we recommended that the City separate the possession of the signature machine keys from the individuals with the knowledge of the PIN number to be used to operate the machine. The machine could also be locked in a secure location within the City Treasurer's office. He would not be in possession of a key or have knowledge of the PIN number to use the machine. In this situation you would have to have three individuals involved in the writing and signing of payroll checks. We would also recommend that anyone involved with the payroll process be required to have their payroll check direct deposited into their accounts. Finally, we recommended that the City abide by its policy to have that second employee review and sign the payroll register along with the personnel director, prior to the issuance of the payroll checks. At no time should the personnel director be allowed to assist in the preparation of the bank reconciliation.

A copy of that report was submitted to the District Attorney of the 21st Judicial District of the State of Louisiana.

Corrective Action Taken:

The personnel director involved in this finding resigned and reimbursed the City for all unauthorized payments and a new personnel director hired. The City no longer uses the check signature machine and the current Mayor and City Clerk manually sign all checks. A grand jury convened on this matter in the late summer of 2003 but the individual was not prosecuted.

Finding 62.11:

In our prior year audit during the detail testing of the personnel director's time cards above, we noted that it is City policy to allow the use of vacation time to make up for any time missed during the week, so that on days that an employee may work over and or after hours, they will be paid overtime at 1 1/2 times their regular pay rate. Upon discussing this issue with the City Treasurer, he stated that this is done by most all the employees and is allowed by policy.

Recommendation:

We again recommended the City re-evaluate the personnel policies concerning employee benefits and accumulated leave.

Corrective Action Taken:

The City's policy in this matter remains the same and has not been changed. We again recommend for the City to re-evaluate the policy concerning benefits and accumulated leave to stop the practice of employees from using vacation or accumulated leave hours for paid overtime at time and one-half. The City has hired special legal counsel having expertise in personnel matters to review and recommend changes to the City's personnel policies and ordinances. This review is still ongoing.

Finding 03.1.1:

Upon analysis of cell phone usage during the prior year we noted that the City had no written policy controlling the use of cell phones. No employee was designated to monitor the cell phone usage and that several employees with cell phones substantially exceeded their allotted minutes each month. It also seems that personal calls are being made on these phones and are not being reimbursed to the City.

Recommendation:

We recommended that the City review the needs of each cell phone in use by the employees and document the number of minutes that the employees should be allowed. The City should then develop a policy concerning the use of City cell phones. The reasons for any cell phone usage over the allotted time should be documented in writing and signed by the employee and the City Treasurer. Personal cell phone use, over the allotted time should be reimbursed to the City at the cell phone program rate.

Because of the lack of monitoring in the prior year, we recommended that management make a detailed analysis of all cell phone usage, beginning July 1, 2001. In addition, management should review all cell phone invoices, and obtain reimbursement for personal minutes identified as exceeding the allotted minutes for the said employees' cell phone plan.

Corrective Action Taken:

Management has concurred with the recommendation by reviewing the need of each cell phone in use by the employees and capping the number of minutes that an employee is allowed. The reasons for any cell phone usage over the allotted time is not tolerated. All costs above the plan usage and plan cost are reimbursed by the employee. Management discontinued the process of analyzing prior year cell phone usage as management determined the process was too tedious and not cost effective.

CITY OF DENHAM SPRINGS, LOUISIANA

MANAGEMENT LETTER

JUNE 30, 2003



Hannis T. Bourgeois, LLP

Certified Public Accountants

David L. Bourgeois, CPA*
Joseph B. Jackson, III, CPA*
Michael D. Boudry, CPA*
Pamela M. Boudry, CPA*
Stephane D. Boudry, CPA*
Thomas L. Boudry, CPA*
Michael D. Boudry, CPA*
Stephan L. Boudry, CPA*
Charles D. Boudry, CPA*
David L. Boudry, CPA*
Lynn L. Boudry, CPA*

© David Bourgeois, CPA
* is Licensed Accounting Professional

1175 Delisle Avenue, Suite B
Denham Springs, LA 70126
Phone: (225) 642-6297
Fax: (225) 642-3813

Members American Institute of
Certified Public Accountants

1311 Tremaine Street, Suite 200
Baton Rouge, LA 70804

September 18, 2003

The Mayor and Members of
the City Council
City of Denham Springs
Denham Springs, Louisiana

In planning and performing our audit of the basic financial statements of the City of Denham Springs, Louisiana, for the year ended June 30, 2003, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated September 19, 2003, on the basic financial statements of the City of Denham Springs, Louisiana.

CURRENT YEAR FINDINGS:

None.

FUTURE YEAR FINDINGS:

Finding #0-1:

It was noted in the prior years and again in the current year that there is a lack of written policies and procedures in the various cycles comprising the City's accounting/finance function. Written policies and procedures are essential to a strong internal control system and accounting department.

Recommendation:

We again recommend the City begin the task of evaluating the various cycles and developing written policies and procedures for each cycle.

Management's Response:

The first step toward a policy and procedure manual has been implemented. The City of Denham Springs sent out letters on January 13, 2002 to the Personnel Manager, City Accountant, the Tax Collector, and the Utility Supervisor. All accounting cycles except for Personnel have been documented. Personnel has started documenting its accounting cycles. The next step is to combine all the documented accounting cycles into one policy and procedures manual. The completed policy and procedures manual will be reviewed and updated periodically as needed.

Corrective Action Taken:

Management is continuing the documentation of its accounting cycles with the personnel and purchasing remaining to be completed. Management informed us the personnel manual was delayed due the hiring of a new personnel director and recommendations from legal counsel for changes. Once the personnel and purchasing procedures are completed, management is planning on combining all procedures within the accounting cycle into one manual.

Finding 90-3:

It was noted in the prior years and again in the current year that the mail is not being opened under dual control and a daily cash receipts log is not being maintained at the time the mail is opened.

Recommendation:

In an effort to greatly strengthen internal control in this area, we again recommended the daily mail should be opened under dual control by two employees and at that time any checks/cash received should be documented on a cash receipts log. After all mail is opened, the cash receipts should be submitted to the applicable department for processing. A copy of the daily log should also be sent with the cash receipts log.

Management's Response:

Presently mail is being distributed unopened to the proper departments. Utility payments are delivered to the Utility Department, and other payments are distributed to the Tax Department for processing. All other mail addressed to individual employees is delivered accordingly. To reduce the volume of payments received management has implemented a lockbox to handle utility customer payments being mailed to the City. The lockbox has significantly reduced the volume of payments being received through the mail by the City. The City is currently evaluating the volume of mail being received to determine the feasibility of implementing the opening of mail under the dual control of two employees. Key to this implementation is the second employee assigned to the documentation of a cash receipts log. Management is continuing to review which employee along with the mail clerk to assign to the documentation of cash receipts log.

Corrective Action Taken:

Management has implemented a procedure in which mail is opened by two employees at all times and a cash receipts log prepared for all payments. A copy of the log is forwarded to the appropriate department for processing.

Finding 0046

In the utility billing department, it was noted in the prior years and again in the current year that there is an overall lack of segregation of duties in that the same person who collects payments from customers also posts the payments to the customer accounts. Generally, the ability to collect payments from a customer and post the payment to the customer's account by the same person is considered to be a weakness in internal controls.

Recommendation:

We recommended the City reevaluate its procedures in the utility department to achieve the maximum amount of segregation of duties possible considering the limited number of employees. At no time should individuals collecting payments be posting those payments to customer accounts.

Corrective Action Taken:

Management implemented the following processes to maximize segregation of duties within the utility billing department. A retail facilities system at the City's fiscal agent bank was implemented that receives all payments sent through the mail. The bank provisions all payments, deposits the daily collection to the City's account and updates the customer's accounts receivable record. Also, management implemented new cash management computer software that provides more efficient reports to balance transactions with collections and provides the customer with a payment receipt. In addition, management also allows utility customers to have the current amount due to be automatically drafted out of a bank account on the designated due date and the payment is automatically posted to the customer's account.

Finding 00-7:

As noted in the prior years and again in the current year, each department of the City continues to collect and process cash receipts.

Recommendation:

We again recommended the City consider a "centralized" cash collection site for non-utility receipts to help alleviate the lack of segregation of duties and make the cash collection process more efficient.

Corrective Action Taken:

All collections for City services, other than certain services that are collected at the Police Department or Utility Payments, are received at the City's Tax Department who provides a receipt that is presented at other Department's to receive services. The Police Department was not included in the centralized collection due to payments that are received all hours of the day and other police services. The Utility Payments are processed as discussed in Finding 06-6.

Finding 06-8:

In the prior years and again in the current year, we noted an overall lack of segregation of duties in that the same person, who prepares the daily deposit, posts to the general ledger and also reconciles the bank statement.

Recommendation:

We recommended the City reevaluate its procedures to achieve the maximum amount of segregation of duties possible considering the limited number of employees.

Corrective Action Taken:

Presently deposits are being made by the Utility and Tax Departments. The City Accountant handles the manual posting of deposits to the general ledger. The City Accountant and the City Treasurer handle reconciling the monthly bank statements. Payroll checks are being reconciled through the City's software program. Management continues to evaluate the tools their personnel require to efficiently handle their duties. The implementation of the cash management program and the lockbox system as discussed in Finding 06-7 will go a long way to resolve internal control problems cited.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, none of the conditions described above is believed to be a material weakness.

City of Denham Springs

September 19, 2000

Page 5

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with the Treasurer and Finance Committee, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended for the use of management, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Denham Springs, Louisiana, is a matter of public record.

Respectfully submitted,

Thomas M. Thompson, C.S.